

**NSIA INSURANCE LIMITED**  
Lagos, Nigeria

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS  
For the year ended 31 December 2021

**For the year ended 31 December 2021**

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## **Corporate Information**

**For the year ended 31 December 2021**

Pastor Ituah Ighodalo  
Dr Adesegun Akinjuwon Akin-Olugbade, OON  
Mrs. Ebelechukwu Nwachukwu  
Mr. Chidi Ajaere  
Mrs. Mansan Dominique Diagou Epse Ehile\*  
Mrs. Hélène Konian\*  
Mr. Apollos Ikpobe  
Mr. Matthieu Lawson\*\*\*  
Mr. Almamy Timité\*  
Mr. Sidy Faye\*\*  
Mr. Sunny Uwagboi  
Mr. Abideen Musa  
\* - Ivorian; \*\* - Senegalese; \*\*\* - Beninese

Registered office

Company's FRC No

Company's RC number

Principal bankers

Principal Reinsurers

Company Secretary

Actuary

Auditor

Property valuers

Chairman (retired 30th June, 2021)  
Chairman (appointed 1st July 2021)  
Managing Director  
Director  
Director  
Director  
Director  
Director (appointed 1st July 2021)  
Director (appointed 1st July 2021)  
Director (appointed 1st July 2021)  
Executive Director  
Executive Director

3, Elsie Femi-Pearse Street  
Off Adeola Odeku, Victoria Island  
Lagos  
enquiry@nsiainsurance.com  
www.nsiainsurance.com

FRC/2012/000000000303

129628

Access Bank Plc  
Guaranty Trust Bank Ltd  
First Bank Ltd  
Stanbic IBTC Plc  
Fidelity Bank Plc  
Zenith Bank Plc  
Wema Bank Plc  
Unity Bank Plc

African Reinsurance Corporation  
Continental Reinsurance Plc  
WAICA Reinsurance Corporation  
Arab Insurance Group (Arig Re.)

Punuka Attorneys & Solicitors  
Plot 45 Oyibo Adjarho Street, Off Admiralty Way  
Lekki Peninsula, Phase 1  
Lagos, Nigeria

Zamara Consulting Actuaries Nig Ltd  
4th Floor Ibukun House  
Adetokunbo Ademola, VI  
P.O Box 76039 - 101241. VI  
FRC/2019/00000012910  
Engagement Partner: Seth Chengo  
FRC/2017/NAS/00000016912

Ernst & Young  
10th and 13th Floors, UBA House  
57 Marina, Lagos  
Nigeria

A.C. Otegbulu & Partners  
5th Floor, Western House, 8 – 10 Broad Street  
Lagos, Nigeria  
FRC/2013/NIESV/00000001582

## Financial Highlights

For the year ended 31 December 2021

	2021	2020	%
<i>In thousands of Naira</i>			
<b>STATEMENT OF PROFIT OR LOSS</b>			
Gross premium written	13,703,336	10,465,971	31
Gross premium income	12,674,852	10,156,424	25
Net premium income	6,842,262	6,062,040	13
Net underwriting income	7,822,690	6,738,748	16
Underwriting profit	1,669,566	1,821,092	(8)
Profit before income tax	363,194	942,186	(61)
Profit after income tax	281,918	916,008	(69)
Basic and diluted earnings per share (kobo)	2	8	(75)
<b>STATEMENT OF FINANCIAL POSITION</b>			
Total assets	25,503,010	22,119,688	15
Insurance contract liabilities	8,169,319	6,287,268	30
Investment contract liabilities	226,696	192,615	18
Total liabilities	11,862,710	8,607,422	38
Shareholders' funds/total equity	13,640,300	13,512,266	1

**Directors' Report**  
*For the year ended 31 December 2021*

The Directors present their annual report on the affairs of NSIA Insurance Limited (“the Company”) together with the financial statements and the Independent auditor’s report for the year ended 31 December, 2021

**(a) Legal form**

The Company, previously known as ADIC Insurance Limited, was incorporated in Nigeria as a limited liability company in April 1989. It was licensed on 18 April 1989 to carry on insurance business and commenced operations in December 1989. It is a subsidiary of NSIA Participations Holding SA established in 1995.

**(b) Principal activity and business review**

The principal activity of the Company is the provision of Non-life and Life insurance services to individuals and corporate entities.

**(c) Operating results**

The highlights of the Company’s results for the year are as follows:

*In thousands of Naira*

	2021	2020
Net underwriting income	7,822,690	6,738,748
Net investment income	1,180,394	1,431,493
Total revenue	9,003,084	8,170,241
Profit before income tax	363,194	942,186
Income tax	(81,276)	(26,178)
Profit after income tax	281,918	916,008
<i>Appropriations:</i>		
Transfer to statutory contingency reserve	(291,000)	(226,765)
Transfer to Retained earnings	(9,082)	689,243
Retained earnings, beginning of the year	676,342	1,923,151
Amount transferred to share capital	-	(1,803,539)
Reclassification to retained earnings	-	-
Dividend paid during the year	(261,000)	(132,513)
Retained earnings, end of the year	406,260	676,342

**(d) Dividend**

During the year, a total dividend of ₦261,000,000 (1.45k per share) was paid in 2021 out of the retained earnings as final dividend for 2020 financial year (2020: total dividend of ₦132,513,442 (1.45k per share) was paid as final dividend for 2019 financial year).

**(e) Governance framework**

The primary objective of the Company’s risk and financial management framework is to protect the Company’s stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognises the importance of having an effective and efficient risk management system in place.

The Company’s strategy for managing risk exposures is to establish and maintain a robust Enterprise Risk Management (ERM) programme that is embedded in all processes and driven by technology with emphasis on protection from unwanted risk while maintaining stakeholders’ value. The ERM programme structures and coordinates all direct and indirect risk management activities within the Company, while eliminating redundancies and ensuring consistency in the risk management process. The risk management strategy also entails constantly monitoring daily risk positions, attracting and retaining qualified personnel, reducing volatility in supplies, and managing political risk. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior management.

Lastly, a policy framework which sets out the risk profiles, risk management, control and business conduct standards for the Company’s operations has been put in place. Each policy has a member of senior management charged with overseeing compliance.

The board of directors approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company’s:

- identification of risk and its interpretation;
- limit structure to ensure the appropriate quality and diversification of assets;
- align underwriting and reinsurance strategy to the corporate goals; and
- specify reporting requirements.

**Directors' Report - Continued**  
**For the year ended 31 December 2021**

**(f) Board of Directors**

The following board members served during the year

Pastor Ituah Ighodalo	Chairman (retired 30th June, 2021)
Dr Adesegun Akinjuwon Akin-Olugbade, OON	Chairman (appointed 1st July 2021)
Mrs. Ebelechukwu Nwachukwu	Managing Director
Mr. Chidi Ajaere	Director
Mrs. Mansan Dominique Diagou Epse Ehile*	Director
Mrs. Hélène Konian*	Director
Mr. Apollos Ikpobe	Director
Mr. Matthieu Lawson**	Director (appointed 1st July 2021)
Mr. Almamy Timite*	Director (appointed 1st July 2021)
Mr. Sidy Faye**	Director (appointed 1st July 2021)
Mr. Sunny Uwagboi	Executive Director
Mr. Abideen Musa	Executive Director

\* - Ivorian; \*\* - Senegalese; \*\*\* - Beninese

**(g) Directors and their interests**

The Directors who served during the year and their direct and indirect interests in the issued share capital of the Company as recorded in the Register of Directors shareholding and/or as notified by the Directors for the purpose of Section 301 of the Companies and Allied Matters Act, 2020 ("CAMA 2020")

Directors	Direct Shareholding	
	Number of Ordinary Shares Held 31-Dec-2021	Number of Ordinary Shares Held 31 Dec 2020
Pastor Ituah Ighodalo	Nil	Nil
Dr Adesegun Akinjuwon Akin-Olugbade, OON	Nil	Nil
Mrs. Ebelechukwu Nwachukwu	Nil	Nil
Mr. Chidi Ajaere	Nil	Nil
Mrs. Mansan Dominique Diagou Epse Ehile	Nil	Nil
Mrs. Hélène Konian	Nil	Nil
Mr. Apollos Ikpobe	Nil	Nil
Mr. Matthieu Lawson	Nil	Nil
Mr. Almamy Timite	Nil	Nil
Mr. Sidy Faye	Nil	Nil
Mr. Sunny Uwagboi	Nil	Nil
Mr. Abideen Musa	Nil	Nil

**(h) Acquisition of own shares**

The Company did not purchase its own share in the 2021 (2020: Nil).

**(i) Property and equipment**

Information relating to changes in property and equipment is given in Note 26 to the financial statements. In the directors' opinion, the market value of the Company's properties is not less than the value shown in the financial statements.

**(j) Shareholding analysis**

The shareholding composition of the Company as at 31 December 2021 is as stated below:

Share range	No. of shareholders	Percentage of shareholders (%)	No. of shares	%
100,000,001-5,000,000,000	1	10	17,344,367,262	96.36
0 – 100,000,000	9	90	655,632,738	3.64
	<b>10</b>	<b>100</b>	<b>18,000,000,000</b>	<b>100</b>

**Directors' Report - Continued**  
**For the year ended 31 December 2021**

The shareholding composition of the Company as at 31 December 2020 is as stated below:

Share range	No. of shareholders	Percentage of shareholders (%)	No. of shares	%
100,000,001-5,000,000,000	1	10	17,344,367,262	96.36
0 – 100,000,000	9	90	655,632,738	3.64
	<b>10</b>	<b>100</b>	<b>18,000,000,000</b>	<b>100</b>

**Shareholding analysis continued**

**(j) Major Shareholding**

According to the Register of Members, no shareholder, other than the undermentioned held more than 5% of the issued share capital of the Company as at 31 December 2021:

	31 December 2021		31 December 2020	
	No of shareholding	% shareholding	shareholding	% shareholding
NSIA Participations Holding SA	17,344,367,262	96.36%	17,344,367,262	96.36%

**(k) Directors' interest in contracts**

For the purposes of Section 303 of the Companies and Allied Matters Act, 2020 ("CAMA 2020"), none of the existing Directors has direct or indirect interest in contracts or proposed contracts with the Company during the year.

**(l) Donations and charitable gifts**

The Company donated the total sum of ₦16,465,639 ( 2020: ₦7,970,000) to the following organizations during the year.

	2021 N'000	2020 N'000
Down Syndrome Foundation	3,700	3,770
National Insurance Association	1,000	2,000
Professionals Insurance Ladies Association	5,000	2,000
Motherless Children of Agnus Dei Of Little Francis	-	200
Institute of Chartered Accountants of Nigeria	250	-
Chartered Insurance Institute of Nigeria	65	-
Lagos State Area Committee	2,700	-
Lagos Business School	250	-
Institute of Directors	190	-
NSCRIB, NNBE, NAIPCO & Others	3,310	-
	<b>16,465</b>	<b>7,970</b>

**(m) Human resources**

*Employment of disabled persons*

The Company has a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes. In the event of members of staff becoming disabled, effort is made to ensure their continued employment with the Company. None of the Company's employees however suffered disability during the year.

*Health, safety and welfare at work*

The Company accords priority to staff health and welfare. The Company retains private hospitals where medical facilities are provided for staff and their immediate families at the Company's expense. A Contributory Pension Scheme, in line with the Pension Reform Act, exists for employees.

*Employee involvement and training*

The Company ensures, through various fora, that employees are informed of matters concerning them and they undergo relevant trainings. This on the job training is also complemented by classroom-type in-house and externally sponsored training opportunities to continuously update their skills. In line with its policy, the Company in the year under review sponsored its employees for various training programmes both in-house and externally.

**(n) Gender analysis for employees and the Board of Directors**

The number and percentage of male and female employed during the financial year vis-à-vis total workforce was as follows:

31 December 2021	Male (Number)	Female (Number)	Total (Number)	Male (Percentage)	Female (Percentage)
Employees	72	65	137	53%	47%

**Directors' Report - Continued**  
**For the year ended 31 December 2021**

**Gender analysis of the Board and top management:**

Board	7	3	10	70%	30%
Top management	-	4	4	-	100%

**Detailed analysis of the Board and top management:**

Assistant General Manager	-	1	1	0%	100%
General Manager	-	1	1	0%	100%
Executive Directors	2	1	3	67%	33%
Non-executive Directors	5	2	7	71%	29%
<b>Total</b>	<b>7</b>	<b>5</b>	<b>12</b>		

(n) **Gender analysis for Employees and Board of Directors-continued**

31 December 2020	Male (Number)	Female (Number)	Total (Number)	Male (Percentage)	Female (Percentage)
Employees	49	69	118	48%	52%

**Gender analysis of the Board and top management is as follows:**

Board	5	3	8	63%	38%
Top management	-	4	4	0%	100%

**Detailed analysis of the Board and top management is as follows:**

Assistant General Manager	-	3	3	0%	100%
General Manager	-	1	1	0%	100%
Executive Directors	2	1	3	67%	33%
Non-executive Directors	3	2	5	60%	40%
<b>Total</b>	<b>5</b>	<b>7</b>	<b>12</b>		

(o) **Events after the reporting date**

As disclosed in Note 41 to the financial statements, there are no other significant events after the reporting date which could have had material effect on the state of affairs of the Company as at 31 December 2021 and on its profit or loss and other comprehensive income for the year then ended.

(p) **Auditor**

Messrs. Ernst & Young, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditor to the Company. In accordance with Section 401 of the Companies and Allied Matters Act, 2020 ("CAMA 2020"), therefore, the auditor will be re-appointed at the next Annual General Meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD

Elizabeth Idigbe  
FRC/2013/NBA/00000002878  
For: PUNUKA Attorneys & Solicitors  
Company Secretary  
23 March, 2022



**Statement of Corporate Responsibility for the Financial Statements for the year ended 31 December 2021**

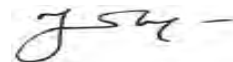
In line with the provision of S. 405 of CAMA 2020, we have reviewed the audited financial statements of the company for the year ended December 31, 2021 and based on our knowledge confirm as follows:

- i) The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.
- ii) The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for the year ended December 31, 2021.
- iii) The company's internal controls has been designed to ensure that all material information relating to the company is received and provided to the Auditors in the course of the audit.
- iv) The company's internal controls has been designed to ensure that all material information relating to the company is received and provided to the Auditors in the course of the audit.
- v) That we have disclosed to the company's Auditors and the Audit Committee the following information:
  - a) there are no significant deficiencies in the design or operation of the company's internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the course of the Audit.
  - b) there is no fraud involving management or other employees which could have any significant role in the company's internal control.
  - iv) There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

March 23rd, 2022



**Mrs. Njum Onyemenam**  
Chief Financial Officer  
FRC/2013/ICAN/00000001188



**Mrs. Ebelechukwu Nwachukwu**  
Managing Director  
FRC/2013/IODN/00000002768

**Statement of Directors' Responsibilities in Relation to the Preparation of The Financial Statements for the year ended 31 December 2021**

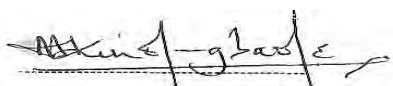
The Companies and Allied Matters Act, 2020 ("CAMA 2020") requires the Directors to prepare financial statements for each financial year that present fairly, in all material respects, the state of financial affairs of the Company at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the Company:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act, 2020 ("CAMA 2020"), the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011;
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act, 2020 ("CAMA 2020"), the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011.

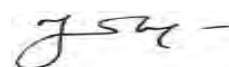
The Directors are of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Company as at, and of its total comprehensive income for the year ended 31 December 2021. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.



Dr Adesegun Akin-Olugbade, OON  
Chairman  
FRC/2021/003/00000024455

23 March, 2022



Mrs. Ebelechukwu Nwachukwu  
Managing Director  
FRC/2013/IODN/00000002768

23 March, 2022

## Summary of significant accounting policies

### 1 General information

NSIA Insurance Limited ("the Company"), formerly known as ADIC Insurance Limited was incorporated in Nigeria as a limited liability company domiciled in Nigeria. It was licensed on 18 April 1989 to carry on insurance business. The address of the Company's registered office is 3 Elsie Femi Pearce Street, Victoria Island, Lagos.

The Company is organized into two main divisions; short-term business (non-life/ general and group life) and long-term business (individual life). It provides insurance risk management and investment services to both private and corporate individuals. The long-term business relates to the underwriting of risks relating to death of an insured person, and includes contracts subject to the payment of premiums for a term dependent on the termination or continuance of the life of an insured person. Short-term business relates to all other categories of annual insurance business accepted by the Company such as those associated with loss or damage of property, loss of life, health, disability and liability insurance; these are analyzed into several sub-classes of insurance business based on the nature of the assumed risks. The Company also issues investment contract policies in the form of investment linked products to clients.

#### *Shareholding structure*

Participation Holdings SA (incorporated in Cote d'Ivoire) owns 96.36% of the share capital of NSIA Insurance Limited.

#### *Authorization for issue*

The financial statements of the Company were authorized for issue by the Board of Directors on 23rd March, 2022

### 1.1 Going concern assessment

These financial statements have been prepared on the going concern basis. The Company has no intention nor need to reduce its business operations substantially. Management believes that the going concern assumption is appropriate for the Company due to sufficient solvency ratio and liquidity. Continuous evaluation of current ratios are being carried out by the Company to ensure that there are no going concern threats to the operations of the Company.

The Company has assessed the impact of COVID-19 on its business with details reported under Events after reporting date in Note 41.

### 1.2 Summary of significant accounting policies

#### 1.2.1 Introduction to summary of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### 1.2.2 Basis of preparation

##### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs)

The financial statements comply with the relevant provisions of Companies and Allied Matters Act, 2020 ("CAMA 2020"), Financial Reporting Council of Nigeria Act 2011, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

The financial statements include the Statement of financial position, Statement of profit or loss and other comprehensive income, the Statement of changes in equity, the Statement of cash flows and related notes to the financial statements including summary of significant accounting policies.

##### (b) Functional and presentation currency

The financial statements are prepared in Naira, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the respective notes.

##### (c) Basis of measurement

The financial statements are prepared on the historical cost basis except the following material items in the statement of financial position:

- Financial assets at fair value through other comprehensive income (FVTOCI)
- Land and building are carried at revalued amount
- Investment property are carried at fair value
- Insurance contract liabilities are actuarially valued

##### (d) Judgment, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are disclosed in note 4.

## Summary of significant accounting policies - continued

### 2 New and amended standards

#### A New and amended standards and interpretations

##### (i) Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The objective of the second phase of the Board's project was to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of IFRS Standards when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate. The amendments affect the following key areas: changes in the basis for determining the contractual cash flows as a result of benchmark interest rate reform, hedge accounting and disclosures. The application of the revised standard does not have impact on the financial statements for the period under review.

##### (ii) Amendments to IFRS 16 Leasing - Covid-19 Related Rent Concessions

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16). The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021.

Since lessors continue to grant COVID-19-related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the IASB decided to look into whether to extend the time period over which the practical expedient is available for use.

The application of the revised standard does not have impact on the financial statements for the period under review.

Since lessors continue to grant COVID-19-related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the IASB decided to look into whether to extend the time period over which the practical expedient is available for use.

#### B New and amended standards that are not yet effective

A number of new standards, amendment to standards and interpretations are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not applied the following new or amended standards in preparing this financial statements. The Company does not plan to early adopt these standards. These will be adopted in the period that they become mandatory and applicable unless otherwise indicated. Those Standards, Amendments to Standards, and interpretations which we considered may be relevant to the Company are set

##### (i) IFRS 17 - Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short- duration which typically applies to certain non-life insurance contracts.

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI. The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.

## Summary of significant accounting policies - continued

### The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, re-measured every reporting period (the fulfilment cash flows);
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cashflows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet;
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense;
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Company started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

### (ii) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The amendments are not expected to have an impact on the financial statements of the Company.

### (iii) Reference to the Conceptual Framework – Amendments to IFRS 3

On May 14, 2020, the IASB published Reference to the Conceptual Framework (Amendments to IFRS 3) with amendments to IFRS 3, Business Combinations that update an outdated reference in IFRS 3 without significantly changing its requirements. IFRS 3, Business Combinations specifies how an entity should account for the assets and liabilities it acquires when it obtains control of a business. IFRS 3 requires an entity to refer to the Conceptual Framework for Financial Reporting (Conceptual Framework) to determine what constitutes an asset or a liability.

Originally, IFRS 3 required an entity to refer to the version of the Conceptual Framework that existed when IFRS 3 was developed. The purpose of this project was to update IFRS 3 to require an entity to refer instead to a later version issued in March 2018. The amendments are not expected to have an impact on the financial statements of the Company.

### (iv) Property, Plant and Equipment: Proceeds before Intended Use-Amendments to IAS 16

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are not expected to have an impact on the financial statements of the Company.

### (v) Onerous Contracts – Costs of Fulfilling a Contract –Amendment to IAS 37

IAS 37, Provisions, Contingent Liabilities and Contingent Assets did not specify which costs to include in estimating the cost of fulfilling a contract for the purpose of assessing whether that contract is onerous. Research conducted by the IFRS Interpretations Committee indicated that differing views on which costs to include could lead to material differences in the financial statements of entities that enter into some types of contracts.

In this project, the International Accounting Standards Board (Board) developed amendments to IAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Board issued the amendments in May 2020. The amendments are effective for contracts for which an entity has not yet fulfilled all its obligations on or after January 1, 2022 with earlier application being permitted. However, this has been critically evaluated and the Company has come to a conclusion that this does not in any way would impact on the financial statement of the entity.

## Summary of significant accounting policies - continued

### (vi) First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. The amendments are not expected to have an impact on the financial statements of the Company.

### (vii) IFRS 9 Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendments are not expected to have an impact on the financial statements of the Company.

### (viii) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On 23 January 2020, the International Accounting Standards Board (IASB or the Board) issued amendments to IAS 1 Presentation of Financial Statements (the amendments) to clarify the requirements for classifying liabilities as current or non-current. More specifically:

(1) The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.

(2) Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.

(3) The amendments clarify the situations that are considered settlement of a liability.

The new guidance will be effective for annual periods starting on or after 1 January 2023. This does not in any way would impact on the financial statements of the entity.

### (ix) Accounting Policies and Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB published Definition of Accounting Estimates (Amendments to IAS 8) to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. This does not in any way would impact on the financial statements of the entity.

### (x) Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

In May 2021 the Board issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2023. This does not in any way would impact on the financial statements of the entity.

### (xi) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The International Accounting Standards Board (IASB) has issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023. With this ammended, an entity is now required to disclose its material accounting policy information instead of its significant accounting policies

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1

This does not in any way would impact on the financial statements of the entity.

### (xii) Amendments to IFRS 4 Insurance contracts -deferral of effective date of IFRS 9

IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) ('the Amendments') on 25 June 2020. Under IFRS 4 Insurance Contracts, the effective date to apply IFRS 9, for the temporary exemption from IFRS 9, is 1 January 2023

This does not affect the financial statement in any way as IFRS 9 has earlier been adopted by the company.

## 3 Summary of Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are as set in this section and these policies have been consistently applied to all years presented, except for the effect of the changes in accounting policies as disclosed in Note 2B, .

### a Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in the foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

## Summary of significant accounting policies - continued

Foreign exchange gains and losses on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively) are charged to profit or loss. Foreign currency differences arising from the translation of investment in equity securities designated as at FVOCI are recognized in other comprehensive income (except on impairment, in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss).

### b Financial instruments

A financial instrument is any contract that gives rise to financial asset in one entity and financial liability or equity instrument in another entity. The Company classifies non-derivative financial assets as indicated below:

#### Financial assets

#### i Recognition and initial measurement

All financial instruments are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

#### ii Classification of financial assets

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets at initial recognition is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics (i.e. solely payments of principal and interest- SPPI test). With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Company classified its financial assets into the following measurement categories:

- Those to be measured at fair value through other comprehensive income (FVOCI) (either with or without recycling); and
- Those to be measured at amortized cost.

The Company classifies its financial liabilities at amortized cost.

Management determines the classification of the financial instruments at initial recognition.

#### (a) Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

Transfer of financial assets to third parties in transactions that are not qualified for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of assets.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### (b) Assessment of whether contractual cash flows are solely payments of principal and interest on principal amount outstanding (SPPI test)

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

## Summary of significant accounting policies - continued

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding which may include reasonable additional compensation for early termination of contract. Additionally, for financial assets acquired at a discount or premium to its contract par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual per amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### iii Subsequent measurement

The subsequent measurement of financial assets depends on its initial classification:

#### *Financial assets at amortized cost*

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The gain or loss on a debt securities that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'Investment income'.

The amortized cost of a financial instrument is the amount at which it was measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any loss allowance. The effective interest method is a method of calculating the amortized cost of a financial instrument (or Company of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's net carrying amount.

#### *Fair value through other comprehensive income (FVOCI)*

##### *Debt instrument at FVOCI*

Investment in debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt instrument is subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (OCI) and accumulated in a separate component of equity. Impairment gains or losses, interest revenue and foreign exchange gains and losses are recognized in profit and loss. Upon disposal or derecognition, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized as realized gain or loss. Interest income from these financial assets is determined using the effective interest method and recognized in profit or loss as investment income. The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortized cost. The expected credit loss model is described further in Note 3(ii)

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest methods, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified into profit or loss.



## Summary of significant accounting policies - continued

### Equity instruments

The Company subsequently measures all equity investments at fair value. For equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. The Company elected to measure its equity instruments at Fair value through other comprehensive income as the instruments are not held for trading.

Dividends from such investments continue to be recognized in profit or loss when the Company's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'Net fair value gain/loss' in the profit or loss.

#### iv Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets that are debt instruments. A change in the objective of the Company's business occurs only when the Company either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

The following are not considered to be changes in the business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets
- A transfer of financial assets between parts of the entity with different business models

When reclassification occurs, the Company reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model'.

Gains, losses or interest previously recognized are not restated when reclassification occurs.

#### v Impairment of financial assets

##### Overview of the Expected Credit Losses (ECL) principles

The Company recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- Cash and Cash equivalents
- Trade receivables
- Other receivables
- Debt instrument at FVOCI
- Financial assets at amortised cost

In this section, the instruments mentioned above are all referred to as 'financial instruments' or 'assets'. Equity instruments are not subject to impairment under IFRS 9.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following cases, for which the amount recognized in 12-month ECL

- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than leases receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for account receivable are always measured at an amount equal to lifetime ECL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables, the Company applies a regulatory no premium no cover impairment approach. The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cashflows.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reposting date.

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

##### The calculation of ECLs

The Company calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

## Summary of significant accounting policies - continued

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The Company allocates its assets subject to ELC calculations into one of these categories, determined as follows:

Loss allowances for account receivable are always measured at an amount equal to lifetime ECL. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

### Forward looking information

Based on the above process, the Company categorizes its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1(12mECL): The 12m ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2(LTECL): When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LT ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3/impairment(LTECL): For debt instruments considered credit-impaired, the Company recognises the lifetime expected credit losses for these instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime – stage 2 or stage 3 of the ECL bucket, the Company would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12-months ECL (Stage 1). In addition to the 90 days probationary period above, the Company also observes a further probationary period of 90 days to upgrade from Stage 3 to 2. This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12-months ECL (Stage 1).

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

### Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

### Purchased or originated credit impaired financial assets (POCI)

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

An asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

For POCI financial assets, the Company only recognizes the cumulative changes in LT ECL since initial recognition in the loss allowance.

## Summary of significant accounting policies - continued

### *Collateral valuation*

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms: staff gratuity or guarantors for staff loans, in-house pension fee for agency loan, policy document/cash value for policy loans, etc. The Company's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9. Collateral, unless repossessed, is not recorded on the Company's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on periodic basis as deemed necessary.

### *Presentation of allowance for ECL in the statement of financial position*

Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- Debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and recognized in the fair value reserve in equity (through OCI).

### *Write-off*

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery.

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- amount obtained from realization of credit collateral security leaves a balance of the debt; or
- it is reasonably determined that no further recovery on the facility is possible.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

All credit facility write-offs require endorsement by the Board Credit and Risk Committee, as defined by the Company. Credit write-off approval is documented in writing and properly initialed by the Board Credit and Risk Committee.

There were no writeoffs over the periods reported in these financial statements.

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognized as income on a cash basis only.

### *Forward looking information*

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Inflation rates
- Crude oil price

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 4 in the financial statements.

### *Measurement of ECL*

ECL are a probability-weighted estimate of credit losses and are measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls - i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive; and
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of the estimated future cash flows.

### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets measured at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer or;
- a breach of contract, such as a default or past due events;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration of the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In assessing whether investments in financial institution is credit impaired, the Company considers:

- The rating agencies assessment of credit worthiness of the financial institution.

## Summary of significant accounting policies - continued

### *Presentation of loss allowance in the statement of financial position*

Loan allowances for ECL are presented in the statement of financial position as follows:

- \* Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- \* The loss allowance on for debt instruments measured at FVOCI is measured on the same basis as for amortised cost but no loss allowance is recognised under the asset because the carrying amount of these assets is their fair value. However, the loss allowance shall be recognised in Other Comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

### *(vi) Fair value measurement*

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

If a market for a financial instrument is not active, such that sufficient data are not available to measure fair value, then the Company establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market observable inputs and minimising the use of unobservable inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognized in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Fair value of fixed income liabilities is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Company measures financial instruments and non-financial assets such as investment properties at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are further disclosed. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- \* In the principal market for the asset or liability, or
- \* In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- \* Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- \* Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- \* Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted equity instruments, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. The management, in conjunction with the Company's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

## Summary of significant accounting policies - continued

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs.

For units in unit trusts and shares in open ended investment companies, fair value is determined by reference to published bid values in an active market.

For other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Company's best estimate of the most appropriate model assumptions. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

### (vii) Amortized cost concept

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest revenue on financial assets not measured at FVTPL and other finance costs are presented in profit or loss include interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis.

### (viii) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such derecognised asset financial asset that is created or retained by the Company is recognized as a separate asset or liability.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### (ix) Write off

The Company writes off a financial asset (and any related allowances for impairment losses) when the Company's Credit policy/control function determines that the assets are uncollectible. Financial assets are written off either partially or in their entirety. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment loss on financial assets.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

## Financial liabilities

### Classification of financial liabilities

The Company classifies its financial liabilities as measured at amortized cost.

The Company's financial liabilities are non-derivative financial liabilities and are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

### Initial recognition and measurement

Financial liabilities are classified at initial recognition, as trade payables and other payables as appropriate.

All financial liabilities are recognized initially at fair value. The Company's financial liabilities include trade payables, other accrual and payables

### Subsequent Measurement

Subsequent measurement of financial liabilities depends on their classification.

## Summary of significant accounting policies - continued

### *De-recognition of financial liabilities*

The Company derecognizes financial liabilities when, and only when its contractual obligations are discharged or cancelled, or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

### *Offsetting financial instruments*

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by an IFRS accounting standard, or for gains and losses arising from a Company of similar transactions.

#### **c Trade payables**

Trade payables are recognized when due. These include amounts due to agents, brokers and insurance contract holders. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is omitted.

#### **d Other payables and accruals**

Other payables and accruals on the statement of financial position comprise "accruals" and "other creditors". Other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, the non - interest bearing liability is measured at the invoice amount as the impact of discounting is immaterial.

#### **e Trade receivables**

Trade receivables are recognized when due. These include amounts due from agents, brokers, insurance companies and insurance contract holders.

The Company assesses at each reporting date whether there is objective evidence that a trade receivable is impaired. If there is objective evidence that the trade receivable is impaired, the carrying amount of the trade receivable is reduced accordingly through an allowance account and recognized as impairment loss in the statement of profit or loss. The fair value of a non-interest earning assets is its discounted settlement amount. If the due date is less than one year, discounting is omitted.

The Company gathers the objective evidence that a trade receivable is impaired using the same process adopted for loans and receivables. The impairment loss is calculated under the same method used for these financial assets.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previous recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognized in the profit or loss.

#### **f Cash and cash equivalents**

Cash and cash equivalents include cash in hand and bank, call deposits and short term highly liquid financial assets (including money market funds) with original maturities of less than three months, which are subject to insignificant risk of changes in their value and used by the Company in the management of its short-term commitments.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company's cash management.

#### **g Reinsurance assets**

The Company cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks. Premium ceded comprises gross written premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Reinsurance assets are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract. The Company has the right to set off reinsurance payables against amounts due from reinsurers and brokers in line with the agreed arrangement between both parties.

### **Impairment of Reinsurance assets**

The Company assesses its reinsurance assets for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit or loss. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets measured at amortized cost.

Premiums, losses and other amounts relating to reinsurance treaties are recognized over the period from inception of a treaty to expiration of the related business.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets that are recognized based on the consideration paid less any explicit identified premiums or fees to be retained by the reinsured.

Gains or losses on buying reinsurance are recognised in the statement of profit or loss immediately at the date of purchase and are not amortised. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

### **Prepaid reinsurance**

Prepaid reinsurance are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date and is reported under reinsurance assets in the statement of financial position. Prepaid reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

## Summary of significant accounting policies - continued

### **h Other receivables**

Other receivables are made up of amounts receivable from third parties which are not directly related to insurance or investment contracts, except prepayment and other receivables that are not financial assets, these are measured at amortised costs. Discounting is omitted where the effect of discounting is immaterial.

Other receivables are stated after deductions of amount considered bad or doubtful of recovery. When a debt is deemed not collectible, it is written-off against the related provision or directly to profit or loss account to the extent not previously provided for. Any subsequent recovery of written-off debts is credited to profit or loss.

### **i Prepayments**

Prepayments represent prepaid expenses and are carried at cost less accumulated amortization.

### **j Deferred commission income and deferred acquisition costs**

Commissions earned and payable are recognized in the period in which relevant premiums are written. A proportion of commission payable is deferred and amortized over the period in which the related premium is earned. Deferred acquisition costs represent the proportion of acquisition costs which corresponds to the unearned premium and are deferred as an asset and recognized in the subsequent period. The deferred commission for reinsurers are amortised in the same manner as the underlying asset amortisation and is recorded in the statement of profit or loss.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the profit or loss. DAC are also considered in the liability adequacy test for each reporting period.

DAC are derecognized when the related contracts are either settled or disposed of.

### **k Investment properties**

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes.

#### *i Recognition and measurement*

Investment properties are initially measured at cost, including all transaction costs. Subsequently, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value are included in profit or loss in the period in which they arise.

In an active market, an independent valuer, holding a recognized and relevant professional qualification and with recent experience in the location and category of investment property being valued, values the portfolio annually.

#### *ii De-recognition*

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

#### *iii Transfers*

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the accounting policy on property and equipment up to the date of change. Subsequently, the property is re-measured to fair value and reclassified as investment property.

#### *iv Disposal*

A gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

### **l Intangible assets**

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Computer software is measured at cost less accumulated amortization and impairment losses. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite

#### *i Subsequent expenditure*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Costs associated with maintaining computer software programmes are recognized as an expense as incurred.

## Summary of significant accounting policies - continued

### ii Amortization

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period (five years) and the amortisation method (straight line) for an intangible asset (computer software) with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

### iii Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

## m Property and equipment

### i Recognition and measurement

All categories of property and equipment are initially measured at cost.

Land and building are measured subsequently using revaluation model at the end of the financial period. Any increase in the value of the assets is recognized in other comprehensive income and accumulated in equity classified as assets revaluation reserve, unless the increase is to reverse a decrease in value previously recognized in profit or loss, whereby the increase will be recognized in profit or loss. A decrease in value of land and building as a result of revaluation will be recognized in profit or loss, unless the decrease is to reverse an increase in value previously recognized in other comprehensive income, whereby the decrease will be recognized in other comprehensive income.

Other items of property and equipment (computer hardware, furniture and office equipment, motor vehicle and leasehold improvement) are measured at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

### ii Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be reliably measured. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

### iii Depreciation

Depreciation is calculated to write-off the cost/ revalued amounts of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is de-recognized or classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership at the end of the lease term.

The estimated useful lives for the current and prior period are as follows:

Leasehold improvement	over the unexpired lease term
Buildings	50 years
Computer equipment	5 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	4 years
Capital work-in-progress	Not depreciated
Land	Not depreciated

Capital work-in-progress relates to assets that have been paid for or that are still under construction but not yet readily available for use as at the reporting date.

The assets' residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at the end of the reporting period.

### iv Items on each class of property and equipment are reviewed on an annual basis to ensure proper classification of such items.

#### De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) charged to profit or loss is derecognised.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are included in profit or loss.

#### Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.



## Summary of significant accounting policies - continued

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the asset's or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

### n Statutory deposits

Statutory deposits represent 10% of the minimum capital required by the NAICOM to be deposited with the Central Bank of Nigeria in pursuant to Section 10(3) of the Insurance Act of Nigeria. Statutory deposit is measured at cost. Interest income on the deposit is charged to profit or loss in the period the interest is earned

### o Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk and are therefore treated as financial instruments under IFRS. Financial risk is the risk of a possible change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

### p Investment contract liabilities

Investment contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are initially recognised at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition, the investment contract liabilities are measured at fair value through profit or loss.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the statement of financial position and are not recognised as gross premium in profit or loss. The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value of the contract cannot be less than the surrender value.

When contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the statement of financial position as described above.

Interest accruing to the assured from investment of the savings is recognized in profit or loss in the period it is earned while interest paid and due to depositors is recognized as an expense. The net result of the deposit administration revenue account is transferred to profit or loss. The insurance risk, related to the investment contract, is measured as an insurance contract liability and is included in the liability adequacy test.

### q Insurance contracts

#### i Classification

IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred.

The Company issues contracts that transfer insurance risk or financial risk or both.

#### Insurance Contracts

Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary. Such contracts may also transfer financial risk when the insurer issues financial instruments with a discretionary participation feature (DPF). These are computed in compliance with the provisions of Sections 20, 21, and 22 of the Insurance Act 2003. As a general guideline, the Company defines as significant insurance risk, the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

A number of insurance and investment contracts contain a discretionary feature. This feature entitles the holder to receive, as a supplement to

- That is likely to be a significant portion of the total contractual benefits.
- Whose amount or timing is contractually at the discretion of the Company; and

## Summary of significant accounting policies - continued

- That are contractually based on:
  - the performance of a specified pool of contracts or a specified type of contract
  - realized and /or unrealized investment returns on a specified pool of assets held by the Company
  - the profit or loss of the Company, fund or other entity that issues the contract.

Insurance contracts and investment contracts are classified into two main categories, depending on the duration of risk and whether or not the terms and conditions are fixed. These are long term and short term insurance contracts.

### (a) Long-term insurance contracts

Long term insurance contracts (i.e. long-term insurance contracts with fixed and guaranteed terms, and long-term insurance contracts without fixed terms and with discretionary participation features -DPF) includes insurance business of all or any of the following classes, namely; life insurance business, superannuation business and business incidental to any such class of business. For contracts with DPF features, the actuary calculates the bonus due to the policy holders and is accounted for as part of the insurance or investment contract liabilities.

Life insurance contracts insure events associated with human life (for example, death or survival). These are divided into the individual life, group life and annuity contracts. Individual life contracts are usually long-term insurance contracts and span over one year while the group life insurance contracts usually cover a period of 12 months and as such are categorised as short-term insurance contracts. A liability for contractual benefits that are expected to be incurred in the future when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used. The liability is based on assumptions as to mortality, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

The Company underwrites long-term insurance contracts without fixed terms and with DPF. Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for a term dependent on the termination or continuation of human life and any contract securing the grant of an annuity for a term dependent upon human life.

### (b) Short term insurance contracts

Short term insurance contracts are insurance business with a duration of one year, although some specialized insurance contracts (such as Construction All Risk and Erection All Risk) may exceed one year period.

#### (i.) Group Life business

Group life insurance policy covers members of a Company. The Group could be employees, members of a club, society, association, church, mosque etc. It provides financial compensation in the event of death of a member of the Company.

#### (ii.) General insurance business

General insurance business means insurance business of any class or classes not being long term insurance business.

These contracts are accident and casualty and property insurance contracts. Accident and casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability). Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover). Classes of general insurance include:

- Fire insurance business
- General accident insurance business;
- Motor vehicle insurance business;
- Marine and aviation insurance business;
- Oil and gas insurance business;
- Engineering insurance business;
- Bonds credit guarantee and surety-ship insurance business; and
- Miscellaneous insurance business

For all these contracts, premiums are recognized proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risk at the end of reporting date is reported as the unearned premium liability.

Premiums are shown before deductions of commissions and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are recognized to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

#### (iii.) NSIA Health Insurance;

NSIA Health Insurance is a collaboration between leading African insurance companies and one of the largest health insurers in the world. NSIA, Hollard and Cigna share a common desire to provide health insurance for local companies who want to insure key resources and multinationals looking to harmonize their health insurance across Africa. It is a full health insurance plan providing different levels of cover in five (5) geographic areas:

## Summary of significant accounting policies - continued

- Area 1; Africa
- Area 2 – Africa Plus (Africa and including India, Pakistan, Sri Lanka, Lebanon and Bangladesh);
- Area 3 – Europe (including Africa, India, Pakistan, Sri Lanka, Lebanon and Bangladesh)
- Area 4 – Worldwide excluding the United States of America
- Area 5 – Worldwide

### ii Recognition and measurement of insurance contracts

Premium income is recognized on assumption of risks by the company.

#### *Gross premiums*

Gross written premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. These are shown gross of any taxes or duties levied on premiums.

#### *Gross premium income*

Gross premium earned includes estimates of premiums earned but not yet received, less unearned premium.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

#### *Reinsurance*

The Company cedes premium through reinsurance in the normal course of business for the purpose of limiting its net loss potential through the transfer of its risks. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Premiums ceded, claims recovered and commission received (including gain or loss on buying reinsurance) are presented in the Statement of profit or loss and other comprehensive income and Statement of financial position separately from the gross amounts.

Prepaid reinsurance premiums are those proportions of premiums ceded in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due under the contract terms and that the event has a reliably measurable impact on the amounts the Company will receive from the reinsurer.

#### *Reinsurance Commission*

This relates to commissions receivable on outwards reinsurance contracts which are deferred and amortized on a straight-line basis over the term of the expected premiums payable.

#### *Claims and policyholder benefits payable*

For long term insurance business, benefits are recorded as an expense when they are incurred. Claims arising on maturing policies are recognized when the claims become due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

For general insurance business, claims incurred comprise claims and claims handling expenses incurred during the financial year and changes in the provision for outstanding claims.

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date.

Adjustments to the amount of claims provisions established in prior years are accounted for prospectively in the financial statements for the period in which the adjustments are made, and disclosed separately if material.

Claims and loss adjustment expenses are recognized in statement of profit or loss when incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

#### *Salvage and subrogation reimbursement*

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Salvaged property is recognized in other assets when the amount that can reasonably be recovered from the disposal of the property has been established and salvage recoveries are included as part of claims recoveries. Subrogation reimbursements are recognized in claim recoveries when the amount to be recovered from the liable third party has been established.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.

## Summary of significant accounting policies - continued

### iii Insurance contracts liabilities

These represent the Company's liabilities to the policyholders. They comprise the unearned premium, outstanding claims and the incurred but not reported claims. At the end of each accounting period, these liabilities are reflected as determined by the actuarial valuation report at the end of each reporting period.

#### *Unearned premium provision*

The provision for unearned premiums represents the proportion of premiums written in the periods up to the accounting date that relates to the unexpired terms of policies in force at the end of reporting date. This is estimated to be earned in subsequent financial periods, computed separately for each insurance contract using a time apportionment basis.

#### *Reserve for unexpired risk*

A provision for additional unexpired risk reserve is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses exceed the unearned premium provision.

#### *Outstanding claims provision*

Provision for outstanding claims is made for the estimated cost of all claims notified but not settled at the reporting date using the best information

#### *Incurred but not reported claims provision*

These are specific estimates arriving from actuarially determined liability adequacy test. This represents specific additional liabilities to cover the claims for incidents which have happened, but have not been reported to the Company.

#### *Liability adequacy test*

At the end of each reporting period, liability adequacy tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognized. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses, investment income backing such liabilities are considered. Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. Any deficiency is recognized in profit or loss by increasing the carrying amount of the related insurance liabilities.

### r Provisions, contingent liabilities and assets

Provisions are liabilities that are uncertain in amount and timing. A provision is recognized if, as a result of a past event, the Company has a present obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the Company has a present obligation as a result of a past event. It is not recognized because it is not likely that an outflow of resources will be required to settle the obligation or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to occur.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized as assets in the statement of financial position but may be disclosed if inflow of economic benefits is probable.

### s Employee benefits

#### *Short-term benefits*

Wages, salaries, annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses in the statement of profit or loss and paid in arrears when the associated services are rendered by the employees of the Company.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

#### *Staff incentives*

A provision is recognized for the amount expected to be paid under short-term cash, bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company recognizes a liability and an expense for bonuses, based on a proportion that takes into consideration the profit attributable to the Company's shareholders after certain adjustments.

## Summary of significant accounting policies - continued

### *Retirement obligation & Post-employment benefits*

#### *Defined contribution plans*

The Company operates a defined contributory pension scheme for eligible employees. Company and its employees contributes 10% and 8% respectively of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2014. The Company pays the contributions to a pension fund administrator. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. If benefits are not expected to be settled wholly within 12 months of the reporting date, they are discounted.

#### **t Deposit for shares**

This relates to amount of money or assets received in advance for the acquisition and subsequent allotment of the company's equity share capital. Where the shareholders deposited for the equity of the entity and the necessary allotment of shares or share certificates have not been issued by the company due to authorization and approval from regulatory bodies, such deposit shall remain a liability until the allotment is done, when the obligation is converted into equity.

#### **u Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

##### *i. Income tax*

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects the uncertainty related to income taxes, if any. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Current income tax payable or receivable also include adjustments for tax expected to be payable or recoverable on the taxable income or loss for the year and any adjustment to the taxable payable or receivable in respect of previous periods. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate on the basis of amounts expected to be paid to the tax authorities. Tax/back duty assessments are recognized when assessed and agreed to by the Company with the Tax authorities, or when appealed, upon receipt of the results of the appeal.

Deferred tax is provided using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- \* When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- \* In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Police Fund Levy: The Nigerian Police Trust Fund Act was passed by the National Assembly in April 2019, and signed into law by the President on 24 June 2019. This Act establishes the Nigeria Police Trust Fund (Trust Fund) to provide funds for, inter alia, the training and welfare of personnel of the Nigeria Police Force. The Act imposes a levy of 0.005% of the "net profit" of companies 'operating business' in Nigeria

##### *ii. Minimum tax*

Minimum tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of those years. The Company is subject to minimum tax based on the new Finance Act 2020, which was signed into law on 13 January 2020 and contains various tax changes with effect from 13 January 2020. Under the new tax regime, Minimum tax is pegged at a flat rate of 0.5% of turnover, which would be applicable to companies with no total profit or whose computed tax is less than the minimum tax. Franked investment income will be excluded for the purpose of the minimum tax computation. Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

## Summary of significant accounting policies - continued

However, the outbreak of Covid-19 pandemic during the year 2020 resulted in global production shutdown and supply chain disruptions. This had an adverse impact on various businesses in different sectors of the economy. Consequently, governments all over the world offered palliatives in the form of tax breaks and incentives to taxpayers at various levels.

In a bid to grant similar palliatives to taxpayers, the Federal Government of Nigeria (FGN) via the Finance Act 2020 introduced a 50% reduction in minimum tax rate from 0.5% of gross turnover less franked investment income to 0.25%. The reduced minimum tax rate is however applicable for the Years of Assessment (YOA) due from 1 January 2020 to 31 December 2021.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

### iii. *Deferred tax*

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting period date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognized for unused tax losses, unused tax credits and deductible temporary difference, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized except:

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

### v. **Equity**

#### *Share capital*

Shares are classified as equity when there is no obligation to transfer cash or other assets. The issued ordinary shares of the Company are classified as equity instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments, net of tax as a deduction from the proceeds.

#### *Share premium*

This represents the excess amount paid by shareholders on the nominal value of the shares. The share premium is classified as an equity instrument in the statement of financial position.

#### *Statutory contingency reserve*

The Company maintains contingency reserve for the non-life business in accordance with the provisions of Section 21 of the Insurance Act of Nigeria to cover fluctuations in securities and valuations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after tax; until the reserve reaches the greater of minimum paid up capital or 50% of net premium. For the life business, the Company maintains contingency reserve at the rate equal to the higher of 1% of gross premium or 10% of the profit; accumulated until it reaches the amount of the minimum paid up capital.

## Summary of significant accounting policies - continued

### *Asset revaluation reserve*

Revaluation reserve represents the fair value differences on the revaluation of items of property and equipment as at the statement of financial position date. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in revaluation reserve. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss, however, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in respect of an item of property and equipment is transferred to retained earnings when the asset is derecognised. This involves transferring the whole of the surplus when the asset is retired or disposed. The amount of the surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost. Transfers from revaluation reserve to retained earnings are not made through profit or loss.

### *Fair value reserve*

Fair value reserve represents increases or decreases in fair value of debt and equity instruments measured at FVOCI reported directly in other comprehensive income. Gains and losses on the equity instruments are never recycled to profit or loss. The company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised. Gains and losses on the debt instrument are recycled to profit or loss when the relevant debt securities are derecognised.

### *Retained earnings*

The reserve comprises undistributed profit/loss from previous years and the current year. Retained earnings is classified as part of equity in the statement of financial position.

### *Dividend*

Dividend on ordinary shares are recognized and deducted from equity when they are approved by the Company's shareholders, while interim dividends are deducted from equity when they are paid. Dividend for the year that are approved after the reporting date are disclosed as an event after reporting date.

## **w Revenue Recognition**

### *Insurance Premium Revenue*

Gross recurring premiums on life are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Gross premium income include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

### *Fees and Commission Income*

Reinsurance commission income represents commission received on direct business and transactions ceded to re-insurance during the year. It is recognized over the cover provided by contracts entered into the period and are recognized on the date on which the policy incepts.

### *Investment Income*

Investment income comprise of interest income and dividend income.

### *Interest Income*

Interest income for interest bearing financial instruments, are recognized within 'investment income' in the income statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the net carrying amount of the financial asset. The effective interest rate is calculated on initial recognition of the financial asset taking into consideration the contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate.

### *Dividend Income*

Dividend income is recognized in profit or loss when the Company's right to receive payment is established.

## Summary of significant accounting policies - continued

### Other Income

Other income represents income generated from sources other than premium revenue and investment income. It includes management fees which are fees generated from advisory services rendered. Income is recognized when payment is received.

## x Expense recognition

### Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including: internal and external claims handling costs that are directly related to the processing and settlement of claims. Death claims and surrenders are recorded on the basis of notifications received. General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

### Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract

### Underwriting expenses

Underwriting expense includes acquisition costs and maintenance expense. Acquisition costs comprise all direct and indirect costs associated with the writing of insurance contracts. These include commission expenses and other technical expenses. Maintenance expenses are expenses incurred in servicing existing policies. All underwriting expenses are recognized in consonance with the period of insurance cover from which they accrue.

Commission and charges for interest bearing financial instruments, are recognized within 'interest expense' in the income statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or where appropriate, a shorter period) to the net carrying amount of the financial instrument. The effective interest rate is calculated on initial recognition of the financial instrument taking into consideration the contractual terms of the financial instrument, but not future credit losses.

### Management expenses

Management expenses are accounted for on accrual basis and charged to profit or loss upon utilization of the service or at the date of origination. They are expenses other than claims, investments and underwriting expenses and include employee benefits, Professional fees, depreciation charges and other operating expenses.

## y Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee: The Company applies a single recognition and measurement approach for all leases, except for shortterm leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease liabilities; At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.



## **Summary of significant accounting policies - continued**

**iii) Short-term leases and leases of low-value assets:** The Company applies the short-term lease recognition exemption to its short-term leases of buildings and space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of buildings that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

**Company as a lessor:** Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### **z Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

For management purpose, the Company is organized into business units based on the products and services offered and has two reportable operating segments as follows:

- Life business - the life insurance segment offers a whole range of life insurance products such as group life, whole life, term assurance, endowment, annuity, etc.
- Non-life business - the non-life insurance products include motor, fire, general accident, engineering, bond, marine and oil and gas.

### **aa Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company and held as treasury shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

**Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 31 December 2021

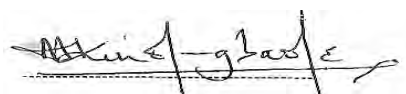
	Notes	2021	2020
<i>In thousands of Naira</i>			
Gross premium written	6	13,703,336	10,465,971
Change in unearned premium	6.1	(1,028,484)	(309,547)
Gross premium income		12,674,852	10,156,424
Reinsurance expenses	6.1	(5,832,590)	(4,094,384)
Net premium income	6.1	6,842,262	6,062,040
Fees and commission income on insurance	6.2	980,428	676,708
Net underwriting income		7,822,690	6,738,748
<i>Claims expenses:</i>			
Gross benefits and claims incurred	8	(6,724,432)	(4,029,869)
Movement in life fund	29 (b)(iii)	(262,444)	(234,824)
Benefits and claims recoverable from reinsurers	9	3,216,569	1,323,617
		(3,770,307)	(2,941,076)
<i>Underwriting expenses:</i>			
Acquisition expenses	10	(1,909,913)	(1,643,897)
Maintenance expenses	11	(472,904)	(332,683)
		(2,382,817)	(1,976,580)
<b>Underwriting profit</b>		<b>1,669,566</b>	<b>1,821,092</b>
Profit on deposit administration	7	3,539	6,781
Net investment income	12	1,180,394	1,431,493
Other income	13(a)	249,530	380,042
Fair value gain on investment property	13(b)	3,359	7,906
Loss on disposal of investment property	13(b)	(128)	(188,732)
Credit loss (expense)/ write back on financial assets	14	(3,984)	(19,963)
Personnel expenses	15(a)	(1,361,333)	(1,274,468)
Other operating expenses	15(b)	(1,377,749)	(1,221,965)
<b>Profit before income tax</b>		<b>363,194</b>	<b>942,186</b>
Income tax expense	34	(81,276)	(26,178)
<b>Profit after income tax</b>		<b>281,918</b>	<b>916,008</b>
<b>Other comprehensive income</b>			
<i>Items within OCI that may be reclassified to the profit or loss:</i>			
Net fair value (loss) or gain on debt instruments at FVOCI	18(b)	(28,556)	(98,945)
Fair value gain on matured Financial instrument measured at FVOCI	18(b)	4,578	23,797
Changes in allowance for expected credit losses on debt instruments at FVOCI	14	(1,900)	(30,492)
<i>Items within OCI that will not be reclassified to the profit or loss:</i>			
Property and equipment revaluation gains (net of tax)	35.3	41,903	37,822
Net fair value gain on equity instrument at FVOCI	18(b)	91,091	19,495
<b>Total other comprehensive income/(loss) net of tax</b>		<b>107,116</b>	<b>(48,323)</b>
<b>Total comprehensive income for the year</b>		<b>389,034</b>	<b>867,685</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (kobo)	16	2	8

The accompanying significant accounting policies and notes to the financial statements form an integral part of these financial statements.

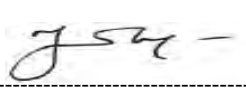
**Statement of Financial Position***as at 31 December 2021*

	Notes	31 December 2021	31 December 2020 <i>restated*</i>	1 January 2020 <i>restated*</i>
<b><i>In thousands of Naira</i></b>				
<b>Assets</b>				
Cash and cash equivalents	17	2,661,134	2,073,477	1,312,235
Financial assets	18	14,096,358	12,494,045	9,642,047
Trade receivables	19	287,981	230,459	162,804
Reinsurance assets	20	3,216,656	1,954,191	1,848,077
Other receivables and prepayments	21	183,235	281,646	299,035
Deferred acquisition costs	22	328,447	304,995	287,912
Investment property	23	246,300	249,215	1,646,040
Intangible assets	25	8,820	13,230	17,640
Property and equipment	26	3,573,679	3,618,030	3,720,880
Statutory deposits	27	900,400	900,400	500,000
<b>Total assets</b>		<b>25,503,010</b>	<b>22,119,688</b>	<b>19,436,670</b>
<b>Liabilities</b>				
Investment contract liabilities	28	226,696	192,615	101,549
Insurance contract liabilities	29	8,169,319	6,287,268	5,053,184
Trade payables	30	1,262,948	707,298	666,479
Other payables and accruals	31	1,094,508	607,578	286,808
Deferred commission income	32	181,321	124,489	110,028
Deposit for shares	33	226,344	-	98,081
Deferred tax liabilities	24	593,091	588,063	583,069
Current tax liabilities	34.2	108,483	100,111	96,776
<b>Total liabilities</b>		<b>11,862,710</b>	<b>8,607,422</b>	<b>6,995,974</b>
<b>Equity</b>				
Share capital	35.1	9,000,000	9,000,000	4,767,360
Share premium	35.1	-	-	2,092,703
Statutory contingency reserve	35.2	2,360,045	2,069,045	1,842,280
Asset revaluation reserve	35.3	1,800,077	1,758,174	1,720,352
Fair value reserve	35.4	73,918	8,705	94,850
Retained earnings	35.5	406,260	676,342	1,923,151
<b>Total equity</b>		<b>13,640,300</b>	<b>13,512,266</b>	<b>12,440,696</b>
<b>Total liabilities and equity</b>		<b>25,503,010</b>	<b>22,119,688</b>	<b>19,436,670</b>

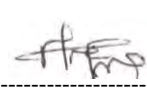
These financial statements were approved by the Board of Directors on 23rd March 2022 and signed on its behalf by:



Dr Adesegun Akin-Olugbade, OON  
Chairman  
FRC/2021/003/00000024455



Mrs. Ebelechukwu Nwachukwu  
Managing Director/CEO  
FRC/2013/IODN/00000002768



Mrs. Njum Onyemenam  
Chief Financial Officer  
FRC/2013/ICAN/00000001188

\*Certain amounts shown here do not correspond to the 2020 & 2019 financial statements and reflect adjustments made, refer to Note 4.6.

The accompanying significant accounting policies and notes to the financial statements form an integral part of these financial statements.

**Statement of Changes in Equity**  
*For the year ended 31 December 2021*

<i>In thousands of Naira</i>	Share capital	Share premium	Statutory contingency reserve	Asset revaluation reserve	Fair value reserve	Retained earnings	Total
<b>As at 1 January 2020</b>	4,567,360	1,692,703	1,842,280	1,720,352	94,850	1,923,151	11,840,696
Prior period adjustment (see note 4.6)	200,000	400,000					600,000
<b>As at 1 January 2020(restated*)</b>	<b>4,767,360</b>	<b>2,092,703</b>	<b>1,842,280</b>	<b>1,720,352</b>	<b>94,850</b>	<b>1,923,151</b>	<b>12,440,696</b>
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	916,008	916,008
<b>Other comprehensive income</b>							
Fair value changes of FVOCI financial assets (see note 35.4)	-	-	-	-	(109,942)	-	(109,942)
Fair value gain on matured Financial instrument measured at FVOCI	-	-	-	-	23,797	-	23,797
Property and equipment revaluation gains (net of tax)				37,822			37,822
<b>Total comprehensive income for the year</b>	<b>4,767,360</b>	<b>2,092,703</b>	<b>1,842,280</b>	<b>1,758,174</b>	<b>8,705</b>	<b>2,839,159</b>	<b>13,308,381</b>
Transfer between reserves	-	-	226,765	-	-	(226,765)	-
<b>Transactions with owners, recorded directly in equity</b>							
Transfer to share capital(restated*)	3,896,242	(2,092,703)	-	-	-	(1,803,539)	-
Issuance of shares(restated*) (see note 33)	336,398	-	-	-	-	-	336,398
Dividends paid to ordinary equity shareholders during the year.	-	-	-	-	-	(132,513)	(132,513)
<b>Total contribution by and distribution to equity holders</b>	<b>4,232,640</b>	<b>(2,092,703)</b>	<b>226,765</b>	<b>-</b>	<b>-</b>	<b>(2,162,817)</b>	<b>203,885</b>
<b>As at 31 December 2020 (restated*)</b>	<b>9,000,000</b>	<b>-</b>	<b>2,069,045</b>	<b>1,758,174</b>	<b>8,705</b>	<b>676,342</b>	<b>13,512,266</b>
<b>As at 1 January 2021</b>	9,000,000	-	2,069,045	1,758,174	8,705	676,342	13,512,266
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	281,918	281,918
<b>Other comprehensive income</b>							
Fair value changes of FVOCI financial assets (see note 35.4)	-	-	-	-	60,635	-	60,635
Fair value gain on matured Financial instrument measured at FVOCI	-	-	-	-	4,578	-	4,578
- allowance for expected credit losses on debt instruments at FVOCI	-	-	-	-	-	-	-
Property and equipment revaluation gains(net of tax)				41,903			41,903
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,903</b>	<b>65,213</b>	<b>281,918</b>	<b>389,034</b>
Transfer between reserves	-	-	291,000	-	-	(291,000)	-
<b>Transactions with owners, recorded directly in equity</b>							
Dividends paid to ordinary equity shareholders during the year	-	-	-	-	-	(261,000)	(261,000)
<b>Total contribution by and distribution to equity holders</b>	<b>-</b>	<b>-</b>	<b>291,000</b>	<b>-</b>	<b>-</b>	<b>(552,000)</b>	<b>(261,000)</b>
<b>As at 31 December 2021</b>	<b>9,000,000</b>	<b>-</b>	<b>2,360,045</b>	<b>1,800,077</b>	<b>73,918</b>	<b>406,260</b>	<b>13,640,300</b>

\*Certain amounts shown here do not correspond to the 2020 financial statements and reflect adjustments made, refer to Note 4.6.  
The accompanying significant accounting policies and notes to the financial statements. form an integral part of these financial statements.

# Statement of Cash Flows

For the year ended 31 December 2021

<i>In thousands of Naira</i>	Note	2021	2020
<b>For the year ended 31 December 2021</b>			
<b>Operating activities:</b>			
Insurance premium received	42.1	13,711,481	10,361,292
Reinsurance premium paid	42.2	(5,956,327)	(4,000,209)
Prepaid minimum and deposit reinsurance at year end	20(b)	(50,951)	(53,657)
Reinsurance commission received	42.3	1,037,260	691,169
Insurance benefits and claims paid	42.4	(6,133,304)	(3,340,154)
Deposit received from deposit admin	42.5	200,352	178,573
Withdrawal claims from deposit admin	42.5	(183,425)	(93,902)
Reinsurance claims received	42.6	2,609,069	1,208,287
Received from reinsurance recoverable on paid claims (Health Insurance)	20(f)	(90,919)	93,082
Commission paid	42.7	(1,863,012)	(1,746,050)
Maintenance expense paid	42.8	(472,904)	(332,683)
Direct bank deposit	31(b)	698,229	243,972
Cash paid to employees, intermediaries and other suppliers	42.8	(2,514,854)	(2,270,493)
Other income received	42.9(a)	30,987	21,952
Net cash received from co-insurers on claims paid	43.5	(97,739)	37,024
		923,942	998,203
Tax paid during the year	34	(72,532)	(22,053)
<b>Net cash flows from operating activities</b>		<b>851,410</b>	<b>976,150</b>
<b>Investing activities:</b>			
Interest income received	43.0	151,237	176,775
Dividend received	43.1	10,014	1,079
Proceeds from disposal of property and equipment	43.2	33,731	-
Proceeds from disposal of investment property	43.3	6,146	1,215,999
Purchase of financial assets	43.4(a)	(2,225,561)	(12,898,369)
Proceeds from sale/redemption of financial assets	43.4(b)	1,827,940	11,625,936
Additions to statutory deposit	27	-	(400,400)
Purchase of property and equipment	26	(130,058)	(79,207)
<b>Net cash flows used in investing activities</b>		<b>(326,551)</b>	<b>(358,187)</b>
<b>Financing activities:</b>			
Deposits for shares received	33	-	123,647
Dividend paid	43.8	(34,656)	(17,843)
<b>Net cash flows (used in)/from financing activities</b>		<b>(34,656)</b>	<b>105,804</b>
Net increase in cash and cash equivalents		490,203	723,766
Effect of exchange rate differences on cash and cash equivalent	43.7	95,876	47,467
Cash and cash equivalents at beginning of year		2,085,381	1,314,148
<b>Cash and cash equivalents at end of year</b>	17(a)	<b>2,671,460</b>	<b>2,085,381</b>

The accompanying significant accounting policies and notes to the financial statements form an integral part of these financial statements

## Notes to the financial statements

For the year ended 31 December 2021

### 4 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below.

#### 4.1 Valuation of insurance contract liabilities

##### Long term insurance contract liabilities

The liability for long term insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortized to the income statement over time. If the assumptions relating to future profitability of these policies are not realized, the amortization of these costs could be accelerated and this may also require additional impairment write-offs to the income statement.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Company bases mortality on standard industry rates published in the A67/70 - Life mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements as well as wide ranging changes to life style, which could result in significant changes to the expected future mortality exposure.

Estimates are also made as to future investment income arising from the assets backing long term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation if appropriate.

Lapse and surrender rates are based on the Company's historical experience of lapses and surrenders.

Discount rates are based on current industry risk rates, adjusted for the Company's own risk exposure.

The valuation of the long term insurance contract liability was done by Zamara Ltd using the gross premium method of valuation.

The carrying value at the reporting date of long term insurance contract liabilities is ₦8.17 Billion (2020: ₦6.28 Billion) (see note 29 for details) and of investment contract liabilities is ₦226.7 million (2020: ₦192.6million) (See note 28 for details).

Sensitivity analysis has been included in note 5.4.1.

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 4. Critical accounting estimates and judgments-continued

#### *Short term insurance contract liabilities*

For short term insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a period of time before the ultimate claims cost can be established with certainty. An assessment is also performed to confirm if an additional reserve is required to be held if the unearned premium reserve is inadequate to cover all the future expected claims cost. Unearned premium (UPR) is assessed on a time apportioned basis.

The ultimate cost of outstanding claims is estimated by using one of the range of standard actuarial claims projection techniques - Chain Ladder method.

The main assumption underlying this technique is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The Liability Adequacy Test (LAT) was carried out by Zamara Consulting Actuaries Nig Ltd. Loss Ratio Method was used for this purpose. The Loss Ratio method results in the estimation of ultimate claims by allowing for the incorporation of expected experience to date and the average assumed Ultimate Loss Ratio.

The estimate of ultimate claims is then calculated as:

$$\begin{aligned} &\text{Average ultimate loss ratio assumed} \\ &\text{Multiplied by: earned premium for the accident years} \end{aligned}$$

The IBNR is arrived at by subtracting the claims paid to date and the outstanding claims as well.

#### **Assumptions underlying the Loss Ratio method**

An estimate of the average ultimate loss ratio needs to be assumed. Zamara used the average incurred and paid to date loss ratios that have been experienced to date in previous accident years.

Although Zamara did conduct a reasonability check on the loss ratios by comparing the loss ratios to industry figures, if the loss ratio is not indicative of future experience, the calculated outstanding claims may be under-/over-estimated.

It is worth noting that claim amounts have not been adjusted for inflation explicitly. However, owing to the methodology used, inflation is implicitly included in the analysis.

Further, no allowance has been made for discounting as the claims run-off is generally assumed to be relatively short-tailed. This is a prudent assumption which may be revised in the future with the introduction of IFRS 17, formerly IFRS 4 Phase II, which will lead to some fundamental differences in current accounting practices in both liability measurement and recognition of profits.

The nature of the claims in the Oil and Gas class (low frequency and high severity) meant that an exposure-based method i.e. the Loss Ratio method was more appropriate than triangulation.

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 4. Critical accounting estimates and judgments-continued

#### *Life insurance contract liabilities*

net premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case, a margin for risk and adverse deviation is generally included. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and premium deficiency, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Company. Adjustments to the liabilities at each reporting date are recorded in the statement of profit or loss in 'Gross change in contract liabilities'. Profits originated from margins for adverse deviations on run-off contracts are recognised in the statement of profit or loss over the life of the contract, whereas losses are fully recognised in the statement of profit or loss during the first year of run-off. The liability is derecognised when the contract expires, is discharged or cancelled.

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the company will ultimately pay for such claims. The uncertainty arises because all events affecting the ultimate settlement of the claims have not taken place and may not take place for some time.

Changes in the estimate of the provision may be caused by receipt of additional claim information, changes in judicial interpretation of contract, or significant changes in severity or frequency of claims from historical records. The estimates are based on the company's historical data and industry experience. The ultimate claims liability computation is subjected to a liability adequacy test by an actuarial consultant using actuarial models.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

#### *Non-life insurance contract liabilities*

Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

### 4.2 Income tax exposure

#### **Current tax**

The current income tax charge is calculated on taxable income on the basis of the tax laws enacted or substantively enacted at the reporting date. The Company applies Section 16 of the Company Income Tax Act. It states that an Insurance business shall be taxed as;

- an insurance company, whether proprietary or mutual, other than a life insurance company; or
- a Nigerian company whose profit accrued in part outside Nigeria,

The profit on which tax may be imposed, shall be ascertained by taking the gross premium interest and other income receivable in Nigeria less reinsurance and deducting from the balance so arrived at, a reserve fund for unexpired risks at the percentage consistently adopted by the company in relation to its operation as a whole for such risks at the end of the period for which the profits are being ascertained, subject to the limitation below:



## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 4. Critical accounting estimates and judgments-continued

#### Current tax (cont'd)

An insurance company, other than a life insurance company, shall be allowed as deductions from its premium the following reserves for tax purposes -

- (a) for unexpired risks, 45 percent of the total premium in case of general insurance business other than marine insurance business and 25 percent of the total premium in the case of marine cargo insurance;
- (b) for other reserves, claims and outgoings of the company an amount equal to 25 percent of the total premium.

The Directors have adopted (a) and (b) above as current tax practices in computing the tax liabilities. Actual results may differ from these estimates based on the interpretation by the tax authorities. The Directors acknowledge that changes in the application of the current tax practices can have a significant impact on the tax expense and tax liabilities recorded in the financial statements.

#### 4.3 Deferred tax assets and liabilities

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

As at year end, the Company recorded deferred tax liabilities of ₦593 million (2020: ₦588 million).

#### 4.4 Impairment of financial assets

##### Allowances for credit losses

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for financial assets measured at amortised cost and debt instruments at fair value through other comprehensive income. In estimating these cash flows, the Company makes judgments about the borrower's financial situation and value of other collateral (where applicable). These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

The significant estimates and judgments applied in assessing the impairment on investment securities are as shown in note 3(b)(v) of Summary of accounting policies.

#### 4.5 Fair value measurement

##### 4.5.1 Financial assets

###### i. Valuation of unquoted securities

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using prices of recent transactions. Where such information is not available, the investments are valued based on various valuation techniques and methods. The valuation techniques include the following:

- Adjusted Net asset value - This model determines the value of an equity investment by subtracting the total liability of the entity from its total asset. The price per share of the equity is thus the net asset value divided by the entity's total outstanding shares, as at the date of the valuation.

- Dividend discount model - This model is based on the premise that the price of a stock is the sum of the discounted value of all its future dividends.

- Discounted cash flow model - This method discounts future free cash flow projections to estimate present value of an entity. This valuation method is based on multiple assumptions such as the amount of future cash flows, timing of the cash flows, cost of capital and

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 4. Critical accounting estimates and judgments-continued

#### ii. Valuation of quoted securities

The fair value of financial instruments where active market price exists are determined by applying the market price on the last trading day of the financial year.

#### 4.5.2 Non-financial assets

#### iii. Valuation of land and building

On a determined basis, the Company engages the services of external, independent and qualified valuers to determine the fair value of the Company's land and buildings.

#### iv. Valuation of investment properties

The Company's investment property is held for the purpose of capital appreciation and rental income generation. The valuation of investment properties is based on the price for which comparable land and properties are being exchanged hands or are being marketed for sale. Therefore, the market-approach Method of Valuation. By nature, detailed information on concluded transactions is difficult to come by. The past transactions and recent adverts are being relied upon in deriving the value of the subject properties. Atleast, three properties will be analysed and compared with the subject property.

The Company's investment property was revalued by an external, independent valuer on 31 December 2021 using the comparative approach method of valuation to arrive at the open market value as at 31 December 2021. Fair value gains have been recognized in the statement of profit or loss and other comprehensive income in line with the fair value model of IAS 40.

### 4.6 Correction of Prior Year Errors

Prior to 2020, the Company actioned a resolution and allotted 400 million units of its shares (of 50k per share) at a premium of N1.50 per share entirely to its parent company, NSIA Participations S.A and filed with the Corporate Affairs Commission in 2019. With the approval of the Return on Allotment by the CAC, the shares were not allotted to its parent company in the same year which led to overstatement of deposit for shares and understatement of share capital and share premium.

During the year 2020, the Company increased its share capital in accordance with NAICOM Circular. The Company made use of its retained earnings, share premium and deposit for shares. As a result of the recapitalization, the deposit for shares and retained earnings were overstated and understated respectively.

In performing the audit of 2021 financial statement, the above prior errors were discovered and have been corrected by restating each of the affected financial statement line items for the prior year as follows:

i. Impact on statement of financial position (decrease)/increase:		31 December	1 January
		2020	2020
		N'000	N'000
<b>Liability</b>			
Deposit for shares*	33	(119,612)	(600,000)
<b>Equity</b>			
Share capital	35.1	-	200,000
Share premium	35.1	-	400,000
Retained earnings	35.5	119,612	-

\*This represents the uncanceled deposits received from the Parent Company in prior years.

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5 Capital Management

#### 5.1 Capital management objectives, policies and approach

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- maintain the required level of stability of the Company thereby providing a degree of security to policyholders;
- allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
- retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- align the profile of assets and liabilities, taking account of risks inherent in the business;
- maintain financial strength to support new business growth and satisfy the requirements of the policyholders, regulators and other stakeholders;
- maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company's operations are also subject to regulatory requirements of the National Insurance Commission (NAICOM). Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The Company's capital management policy is to hold sufficient capital to cover the statutory requirements based on NAICOM directives, including any additional amounts required by the regulator.

In reporting financial strength, capital and solvency are measured using the rules prescribed by NAICOM. These regulatory tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of assets held.

#### 5.2 Approach to capital management

The primary source of capital used by the Company is equity shareholders' funds. The Company's capital management strategy focuses on the creation of shareholders' value while meeting the crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfy regulators.

The adequacy level of capital determines the degree of confidence that stakeholders (suppliers, clients, investors, depositors and counterparties) would have in a business. Hence, the Company ensures that adequate capital exists to buffer the following:

- absorb large unexpected losses;
- protect clients and other creditors;
- provide confidence to external investors and rating agencies;
- support a good credit rating; and
- run operations of the Company efficiently and generate commensurate returns.

Risk appetite is expressed quantitatively using the following metrics:

- Solvency margin = Total admissible assets minus total admissible liabilities;
- Debt-to-capital ratio = Total debt/Capital
- Shareholders equity ratio = Shareholders equity/total asset.

The capital management process is governed by the board of directors who has the ultimate responsibility for the capital management process. The board of directors is supported by the Enterprise Risk Management (ERM) committee, Risk management department, and Financial Control department whom all have various inputs into the capital management process.

The capital management process involves establishing the methodology for determining and maintaining an appropriate quantity and quality of capital and solvency. The capital adequacy and solvency regime comprises the:

- valuation of liabilities (including liability adequacy test);
- requirements on assets, including requirements for valuation of assets and regulatory distribution of assets;
- definition of appropriate forms of capital; and
- required solvency margin

The Company has had no significant changes in its policies and processes to its capital structure during the past year from previous years

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.2 Approach to capital management - continued

#### Compliance with statutory solvency margin requirement

The Company at the end of the 31 December 2021 financial year maintained total admissible assets of ₦23.1Billion (31 Dec 2020: ₦19.9billion) which exceeded the total liabilities of ₦11.26Billion (31 Dec 2020: ₦8.14Billion) by ₦11.91billion (31 Dec 2020: ₦11.8billion). The solvency margin was computed in line with the requirements of Section 24 of the Insurance Act of Nigeria, latest NAICOM guidelines and the regulatory requirements in the IFRS harmonization carve-outs issued by NAICOM. This showed a solvency margin of 238% (2020: 237%) of the minimum requirement which is the higher of 15% of net premium (₦1.208 Billion) (2020: ₦909million) or the minimum capital base of ₦5billion for Life and Non-life insurance businesses. Thus, the Company's solvency margin as above met adequately the regulatory minimum solvency requirement.

The Company maintains economic capital levels sufficient to meet internal capital needs.

The Solvency Margin for the Company as at 31 December 2021 is as follows:

	Total	Admissible	Inadmissible
<i>In thousands of Naira</i>			
<b>Assets</b>			
Cash and cash equivalents	2,661,134	2,661,134	-
Financial assets	14,096,358	14,096,358	-
Trade receivables	287,981	110,343	177,638
Reinsurance assets	3,216,656	3,125,737	90,919
Other receivables and prepayments	183,235	-	183,235
Deferred acquisition costs	328,447	328,447	-
Investment property	246,300	-	246,300
Intangible assets	8,820	8,820	-
Property and equipment	3,573,679	1,950,034	1,623,645
Statutory deposits	900,400	900,400	-
<b>Total assets (A)</b>	<b>25,503,010</b>	<b>23,181,273</b>	<b>2,321,737</b>
<b>Liabilities</b>			
Investment contract liabilities	226,696	226,696	-
Insurance contract liabilities	8,169,319	8,169,319	-
Trade payables	1,262,948	1,262,948	-
Other payables and accruals	1,094,508	1,094,508	-
Deferred commission income	181,321	181,321	-
Current tax liabilities	108,483	108,483	-
Deferred tax liabilities	593,091	-	593,091
Deposit for shares	226,344	226,344	-
<b>Total liabilities (B)</b>	<b>11,862,710</b>	<b>11,269,619</b>	<b>593,091</b>
<b>Solvency Margin (A-B)= C</b>		<b>11,911,654</b>	
Check To:			
Minimum to be maintained:			
The higher of 15% of net premium and	1,026,339		
Minimum paid-up capital (D)	5,000,000	(5,000,000)	
<b>Solvency Margin (Surplus/Deficit) (C- D)</b>		<b>6,911,654</b>	
<b>Solvency level (%)</b>		<b>238%</b>	

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.2 Approach to capital management - continued

The Solvency Margin for the Company as at 31 December 2020 is as follows:

	Total	Admissible	Inadmissible
<b>In thousands of Naira</b>			
<b>Assets</b>			
Cash and cash equivalents	2,073,477	2,073,477	-
Financial assets	12,494,045	12,494,045	-
Trade receivables	230,459	230,459	-
Reinsurance assets	1,954,191	1,954,191	-
Other receivable and prepayments	281,646	-	281,646
Deferred acquisition costs	304,995	304,995	-
Investment property	249,215	-	249,215
Intangible assets	13,230	13,230	-
Property and equipment	3,618,030	1,999,224	1,618,806
Statutory deposits	900,400	900,400	-
<b>Total assets (A)</b>	<b>22,119,688</b>	<b>19,970,021</b>	<b>2,149,667</b>
<b>Liabilities</b>			
Investment contract liabilities	192,615	192,615	-
Insurance contract liabilities	6,287,268	6,287,268	-
Trade payables	707,298	707,298	-
Other payables and accruals	607,578	607,578	-
Deferred commission income	124,489	124,489	-
Deferred tax liabilities	588,063	-	588,063
Current tax liabilities	100,111	100,111	-
Deposit for shares	-	-	-
<b>Total Liabilities (B)</b>	<b>8,607,422</b>	<b>8,019,359</b>	<b>588,063</b>
<b>Solvency Margin (A-B)= C</b>		11,950,662	
<b>Check To:</b>			
Minimum to be maintained:			
The higher of 15% of net premium	909,306		
and			
Minimum paid-up capital (D)	5,000,000	(5,000,000)	
Solvency Margin (Surplus/Deficit) (C- D)		6,950,662	
Solvency level (%)		239%	

The capital plan reflects the Company's current capital needs, planned capital consumption, targeted future capital level given the risk appetite/tolerance, and the plans for external and internal sources of capital. To withstand adverse economic conditions, the capital plan incorporates various potential scenarios and is responsive to changes in the economy, market, competitive/political landscape, and other external factors. The Company plans its capital needs throughout the product and business life cycle, and also ensures that capital management is integrated with the business plan and risk management systems.

To be better prepared for risks that may emerge under unforeseen conditions, stress tests are performed to assess the impact of various scenarios on capital, and also by taking account of other risks not included in the Company's risk universe. The financial control and risk management departments implement responsive capital management processes that include preparing plans for capital adequacy, setting risk limits, monitoring compliance with these plans and limits, analyzing and assessing the actual results, evaluating the level of capital adequacy, and implementing policies when necessary.

Capital is forecasted into the future on an annual basis based on the defined corporate strategy and goals. Constraints on the Company's capital by stakeholders are considered in performing the forecast. The Company ensures the availability of skilled personnel with capabilities to prepare the forecast of regulatory capital.

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.2 Approach to capital management - continued

Capital is allocated to activities that provide the highest returns. The process clearly specifies the basis for the calculation of capital to be allocated to risk types (known as the “risk capital”) and the limits on capital to be allocated to each of the risk categories, business activities and units. The allocation of capital is based on the risk profiles of the business activities and business units (i.e. based on the “contribution” of each business unit to the overall volatility of cash flows).

#### Individual Capital Assessment (ICA)

The Company has developed an Individual Capital Assessment (ICA) framework to identify the risks and quantify their impact on the economic capital. The ICA estimates how much capital is required to reduce the risk of insolvency to a remote degree of probability. The ICA has also been considered in assessing the capital requirement.

The Company instituted these policies and processes to its capital structure during the year.

Available capital resources at 31 December, 2021

	Life insurance	Non- life insurance	Total
	₦'000	₦'000	₦'000
Total shareholders' funds per financial statements	4,677,110	8,963,190	13,640,300
Available capital resources	4,677,110	8,963,190	13,640,300

Available capital resources at 31 December 2020

	Life insurance	Non- life insurance	Total
	₦'000	₦'000	₦'000
Total shareholders' funds per financial statements	4,404,521	9,107,745	13,512,266
Available capital resources	4,404,521	9,107,745	13,512,266

- Compliance with statutory minimum capital base requirement

The Company at the end of the 2021 financial year had shareholders' funds of ₦13.64billion (31 Dec 2020: ₦13.39billion) which was 273% (2019: 268%) of the statutory minimum capital base of ₦5billion for composite insurance business. As at the reporting date, the Company complied with the regulatory required minimum capitalization for composite insurance businesses.

### 5.3 Asset liability management (ALM) framework

The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Company's ALM is integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities. An integral part of the insurance risk management policy is to ensure, in each period, sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

Notes to the financial statements

For the year ended 31 December 2021- Continued

5.3 Asset liability management (ALM) framework - continued

The table below hypothecates the total assets of the Company into assets that represents insurance funds, shareholders' funds and other funds such as investment contracts:

31 December 2021 In thousand of naira		Non Life Business			Life Business					
		Shareholders' fund	Insurance contract liabilities' fund	Others	Shareholders' fund	Insurance contract liabilities' fund	Investment contract liabilities' fund	Annuity	Others	TOTAL
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>1. Properties:</b>										
Real Estate		3,290,307	-	-	246,300	-	-	-	-	3,536,607
Equipment		64,906	-	-	443	-	-	-	-	65,349
Motor Vehicles		145,338	-	-	-	-	-	-	-	145,338
Furniture		20,238	-	-	341	-	-	-	-	20,579
Others (a)		52,106	-	-	-	-	-	-	-	52,106
		3,572,895	-	-	247,084	-	-	-	-	3,819,979
<b>2. Investments:</b>										
Loans to Policyholders		-	-	-	-	10,196	-	-	-	10,196
Statutory Deposit		500,400	-	-	400,000	-	-	-	-	900,400
Financial assets:										
- Amortised cost		7,496,929	2,615,576	-	852,588	2,635,596	231,618	-	-	13,832,307
- FVOCI		175,423	-	-	88,629	-	-	-	-	264,052
Cash and cash equivalents		(2,762,164)	-	-	5,423,298	-	-	-	-	2,661,134
		5,410,588	2,615,576	-	6,764,515	2,645,792	231,618	-	-	17,668,089
<b>3. Reinsurance and Other assets</b>										
Reinsurance assets		-	2,118,577	-	90,919	1,007,160	-	-	-	3,216,656
Other assets		698,299	-	-	99,987	-	-	-	-	798,286
		698,299	2,118,577	-	190,906	1,007,160	-	-	-	4,014,942
<b>Total</b>		<b>9,681,782</b>	<b>4,734,153</b>	<b>-</b>	<b>7,202,505</b>	<b>3,652,952</b>	<b>231,618</b>	<b>-</b>	<b>-</b>	<b>25,503,010</b>
<b>Funds for the Asset</b>		<b>-</b>	<b>4,625,071</b>	<b>-</b>	<b>-</b>	<b>3,544,248</b>	<b>226,696</b>	<b>-</b>	<b>-</b>	<b>8,396,015</b>
<b>Surplus/(Deficit)</b>		<b>9,681,782</b>	<b>109,082</b>	<b>-</b>	<b>7,202,505</b>	<b>108,704</b>	<b>4,922</b>	<b>-</b>	<b>-</b>	<b>17,106,995</b>
<b>31 December 2020</b> In thousand of naira		Non Life Business			Life Business					
		Share-holders' fund	Insurance contract liabilities' fund	Others	Share-holders' fund	Insurance contract liabilities' fund	Investment contract liabilities' fund	Annuity	Others	TOTAL
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>1. Properties:</b>										
Real Estate		3,285,471	-	-	249,215	-	-	-	-	3,534,686
Equipment		56,981	-	-	1,897	-	-	-	-	58,878
Motor Vehicles		141,764	-	-	-	-	-	-	-	141,764
Furniture		54,397	-	-	1,695	-	-	-	-	56,092
Others (a)		75,825	-	-	-	-	-	-	-	75,825
		3,614,438	-	-	252,807	-	-	-	-	3,867,245
<b>2. Investments:</b>										
Loans to Policyholders		-	-	-	-	7,183	-	-	-	7,183
Statutory Deposit		500,400	-	-	400,000	-	-	-	-	900,400
Financial assets:										
- Held to Maturity		-	-	-	-	-	-	-	-	-
- Amortised cost		5,268,450	2,684,218	-	1,466,733	2,160,717	192,615	-	-	11,772,733
- FVOCI		258,535	-	-	455,595	-	-	-	-	714,130
Cash and cash equivalents		(625,837)	-	-	2,699,314	-	-	-	-	2,073,477
		5,401,548	2,684,218	-	5,021,642	2,167,900	192,615	-	-	15,467,923
<b>3. Reinsurance and Other assets</b>										
Reinsurance assets		-	1,373,577	-	-	580,614	-	-	-	1,954,191
Other assets		739,808	-	-	90,521	-	-	-	-	830,329
		739,808	1,373,577	-	90,521	580,614	-	-	-	2,784,520
<b>Total</b>		<b>9,755,794</b>	<b>4,057,795</b>	<b>-</b>	<b>5,364,970</b>	<b>2,748,514</b>	<b>192,615</b>	<b>-</b>	<b>-</b>	<b>22,119,688</b>
<b>Funds for the Asset</b>		<b>-</b>	<b>3,778,393</b>	<b>-</b>	<b>-</b>	<b>2,508,875</b>	<b>192,615</b>	<b>-</b>	<b>-</b>	<b>6,479,883</b>
<b>Surplus/(Deficit)</b>		<b>9,755,794</b>	<b>279,402</b>	<b>-</b>	<b>5,364,970</b>	<b>239,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,639,805</b>

Notes to the financial statements

For the year ended 31 December 2021- Continued

5.3 Asset liability management (ALM) framework - continued

Asset and Liability Management

31 December, 2021 in thousands of Nigerian Naira	Carrying amount	Insurance contract Non-life	Insurance contract Group Life	Investment Contract	Assets cover	Shareholders fund	31 Dec 2021 Total
<b>Assets</b>							
Cash and cash equivalents	2,661,134	-	-	-	-	2,661,134	2,661,134
Financial assets	14,096,358	2,615,576	2,645,792	231,618	5,492,986	8,603,372	14,096,358
Trade receivables	287,981	-	-	-	-	287,981	287,981
Reinsurance assets	3,216,656	2,118,577	1,007,160	-	3,125,737	90,919	3,216,656
Other receivables and prepayments	183,235	-	-	-	-	183,235	183,235
Deferred acquisition costs	328,447	-	-	-	-	328,447	328,447
Investment property	246,300	-	-	-	-	246,300	246,300
Intangible assets	8,820	-	-	-	-	8,820	8,820
Property and equipment	3,573,679	-	-	-	-	3,573,679	3,573,679
Statutory deposits	900,400	-	-	-	-	900,400	900,400
<b>Total assets</b>	<b>25,503,010</b>	<b>4,734,153</b>	<b>3,652,952</b>	<b>231,618</b>	<b>8,618,723</b>	<b>16,884,287</b>	<b>25,503,010</b>
<b>Liabilities</b>							
Investment contract liabilities	226,696	-	-	226,696	226,696	-	226,696
Insurance contract liabilities	8,169,319	4,625,071	3,544,248	-	8,169,319	-	8,169,319
Trade payables	1,262,948	-	-	-	-	1,262,948	1,262,948
Other payables and accruals	1,094,508	-	-	-	-	1,094,508	1,094,508
Deferred commission income	181,321	-	-	-	-	181,321	181,321
Deferred tax liabilities	593,091	-	-	-	-	593,091	593,091
Current tax liabilities	108,483	-	-	-	-	108,483	108,483
Deposit for shares	226,344	-	-	-	-	226,344	226,344
<b>Total liabilities</b>	<b>11,862,710</b>	<b>4,625,071</b>	<b>3,544,248</b>	<b>226,696</b>	<b>8,396,015</b>	<b>3,240,351</b>	<b>11,862,710</b>
<b>GAP</b>	<b>13,640,300</b>	<b>109,082</b>	<b>108,704</b>	<b>4,922</b>	<b>222,708</b>	<b>13,643,936</b>	<b>13,640,300</b>
<b>31 December, 2020</b> <i>in thousands of Nigerian Naira</i>	<b>Carrying amount</b>	<b>Insurance contract Non-life</b>	<b>Insurance contract Group Life</b>	<b>Investment Contract</b>	<b>Assets cover</b>	<b>Shareholders fund</b>	<b>31 Dec 2020 Total</b>
<b>Assets</b>							
Cash and cash equivalents	2,073,477	-	-	-	-	2,073,477.00	2,073,477
Financial assets	12,494,045	2,684,218	2,167,900	192,615	5,044,733	7,449,312	12,494,045
Trade receivables	230,459	-	-	-	-	230,459	230,459
Reinsurance assets	1,954,191	1,373,577	580,614	-	1,954,191	-	1,954,191
Other receivables and prepayments	281,646	-	-	-	-	281,646	281,646
Deferred acquisition costs	304,995	-	-	-	-	304,995	304,995
Investment property	249,215	-	-	-	-	249,215	249,215
Intangible assets	13,230	-	-	-	-	13,230	13,230
Property and equipment	3,618,030	-	-	-	-	3,618,030	3,618,030
Statutory deposits	900,400	-	-	-	-	900,400	900,400
<b>Total assets</b>	<b>22,119,688</b>	<b>4,057,795</b>	<b>2,748,514</b>	<b>192,615</b>	<b>6,998,924</b>	<b>15,120,764</b>	<b>22,119,688</b>
<b>Liabilities</b>							
Investment contract liabilities	192,615	-	-	192,615	192,615	-	192,615
Insurance contract liabilities	6,287,268	3,778,393	2,508,875	-	6,287,268	-	6,287,268
Trade payables	707,298	-	-	-	-	707,298	707,298
Other payables and accruals	607,578	-	-	-	-	607,578	607,578
Deferred commission income	124,489	-	-	-	-	124,489	124,489
Deposit for shares	-	-	-	-	-	-	-
Deferred tax liabilities	588,063	-	-	-	-	588,063	588,063
Current tax liabilities	100,111	-	-	-	-	100,111	100,111
<b>Total liabilities</b>	<b>8,607,422</b>	<b>3,778,393</b>	<b>2,508,875</b>	<b>192,615</b>	<b>6,479,883</b>	<b>2,127,539</b>	<b>8,607,422</b>
<b>GAP</b>	<b>13,512,267</b>	<b>279,402</b>	<b>239,639</b>	<b>-</b>	<b>519,041</b>	<b>12,993,227</b>	<b>13,512,266</b>



## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.4 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. The Company's retention limit is presently ₦25,000,000 on any one life (subject to change from time to time).

Underwriting risk appetite is defined based on underwriting objectives, business acceptance guidelines, retention guidelines, net retention capacity, annual treaty capacity, regulatory guidelines, other operational considerations and the judgment of the board and senior management.

Each year, as part of the planning process, the ERM committee and senior management review the underwriting strategy of each core insurance businesses taking into account profit, growth and risk appetite considerations. The review is carried out for each major class of business and approved by the committee.

#### 5.4.1 Life insurance contracts

Life insurance contracts offered by the Company include: whole life and term assurance; Whole life and term assurance are conventional regular premium products where lump sum benefits are payable on death or permanent disability.

Death benefits of endowment products are subject to a guaranteed minimum amount. The maturity value usually depends on the investment performance of the underlying assets.

- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected;
- Longevity risk – risk of loss arising due to the annuitant living longer than expected;
- Investment return risk – risk of loss arising from actual returns being different than expected;
- Expense risk – risk of loss arising from expense experience being different than expected, and
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured or by industry.

The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. A Company wide reinsurance limits of ₦15,000,000 on any single life insured are in place.

The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely or to exercise guaranteed annuity options. As a result, the amount of insurance risk is also subject to variability from contract holder.

#### Key assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

- Mortality and morbidity rates

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by underwriting class and contract type.

An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

- Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Company's own risk experience. An appropriate but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in longevity rates will lead to an increase in the number of annuity payments made, which will increase the expenditure and reduce profits for the shareholders.

- Investment return

The weighted average rate of return is derived based on a model portfolio that assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.

An increase in investment return would lead to a reduction in expenditure and an increase in profits for the shareholders.

- Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

- Lapse and surrender rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

- Discount rate

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Company's own risk exposure.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.4 Insurance Risk-continued

#### Portfolio assumptions by type of business impacting net liabilities

The assumptions that have the greatest effect on the statement of financial position and income statement of the Company are listed below:

Type of life contracts

	Mortality rates		Expenses		Expense inflation rate		Valuation interest rate	
	2021	2020	2021	2020	2021	2020	2021	2020
Individual life	A6770	A6770	₦8,257 per policy	₦8,000 per policy	13.50%	13.50%	15.00%	15.00%

The Group Life Reserves comprise an Unexpired Premium Reserve (UPR) and Incurred But Not Reported Reserve (IBNR). The only margin removed from the UPR was in respect of acquisition costs, therefore the UPR held contains the expected claims portion plus risk and profit loadings. The UPR was tested against an Additional Unexpired Risk Reserve (AURR), using pooled industry claims data for the underlying assumptions. The resulting AURR was zero, giving comfort that the UPR is sufficient.

A Basic Chain Ladder approach was used for IBNR reserving which considers the pattern of claims emerging based on historical experience; the analysis of which assists with determining overall expected claims levels for the group life schemes. This has been used to estimate the future cash flows expected to emerge (claims); therefore the Company expect the group life reserves held to be sufficient to pass the Liability Adequacy Test.

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.4 Insurance Risk-continued

#### Sensitivities

The analysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on net liabilities and the percentage change. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The method used and significant assumptions made for deriving sensitivity information did not change from the previous period.

#### Sensitivity of Life business liabilities to changes in long term valuation assumptions

31 December 2021	Base	Interest rate		Expense		Expense inflation		Mortality	
		1%	-1%	10%	-10%	2%	-2%	5%	-5%
<i>in thousands</i>									
Individual life	917,817	9,178	(9,178)	91,782	(91,782)	18,356	(18,356)	45,891	(45,891)
Group life	903,940	9,039	(9,039)	90,394	(90,394)	18,079	(18,079)	45,197	(45,197)
Health	478,955	4,790	(4,790)	47,896	(47,896)	9,579	(9,579)	23,948	(23,948)
<b>Total liability</b>	<b>2,300,712</b>	<b>23,007</b>	<b>(23,007)</b>	<b>230,071</b>	<b>(230,071)</b>	<b>46,014</b>	<b>(46,014)</b>	<b>115,036</b>	<b>(115,036)</b>
% change in liability	0%	-99.00%	-101.00%	-90.0%	-110.00%	-98.00%	-102.00%	-95.00%	-105.00%

All stresses were applied independently.

Stresses not applied to individual reinsurance asset due to immateriality.

The mortality stress has been applied in the opposite direction for annuities. For example, the 5% strengthening of the mortality assumption was modelled as 5% lighter mortality for annuitants.

31 December 2020	Base	Interest rate		Expense		Expense inflation		Mortality	
		1%	-1%	10%	-10%	2%	-2%	5%	-5%
Individual life	642,560	6,426	(6,426)	64,256	(64,256)	12,851	(12,851)	32,128	(32,128)
Group life	899,524	8,995	(8,995)	89,952	(89,952)	17,990	(17,990)	44,976	(44,976)
Health	279,499	2,795	(2,795)	27,950	(27,950)	5,590	(5,590)	13,975	(13,975)
<b>Total liability</b>	<b>1,821,583</b>	<b>18,216</b>	<b>(18,216)</b>	<b>182,158</b>	<b>(182,158)</b>	<b>36,432</b>	<b>(36,432)</b>	<b>91,079</b>	<b>(91,079)</b>
% change in liability	0.0%	-99.0%	-101.0%	-90.0%	-110.0%	-98.0%	-102.0%	-95.0%	-105.0%

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.4 Insurance Risk-continued

#### 5.4.2 Non-life insurance contracts (which comprise general insurance)

The Company principally issues the following types of general insurance contracts: motor, fire, marine and aviation, bonds, engineering, oil and energy and general accident. Risks under non-life insurance policies usually cover twelve months duration.

For non-life insurance contracts, the most significant risks arise from climate changes, natural disasters, accidents and other environmental activities. For longer tail claims that take some years to settle, there is also inflation risk.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.

Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g. flood damage).

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by the Board.

The table below sets out the concentration of short term insurance contract liabilities by type of contract:

	31-Dec-2021			31-Dec-20		
	Gross liabilities	Reinsurance on liabilities	Net liabilities	Gross liabilities	Reinsurance on liabilities	Net liabilities
	N'000	N'000	N'000	N'000	N'000	N'000
Motor	219,339	53,570	165,769	281,262	33,891	247,371
Fire	783,494	501,693	281,801	493,069	257,822	235,247
Bond	7,840	3,136	4,704	2,389	956	1,433
General accident	439,178	567,604	(128,426)	257,732	169,041	88,691
Marine and aviation	238,119	149,069	89,050	169,919	73,131	96,788
Engineering	176,268	103,259	73,009	74,317	39,503	34,814
Oil and energy	657,096	336,657	320,439	868,208	269,347	598,861
<b>Subtotal</b>	<b>2,521,334</b>	<b>1,714,988</b>	<b>806,346</b>	<b>2,146,896</b>	<b>843,692</b>	<b>1,303,204</b>
Health insurance	478,955	284,631	194,324	279,498	218,369	61,129
Group life	903,940	173,423	730,517	853,805	129,825	723,980
<b>Total</b>	<b>3,904,229</b>	<b>2,173,042</b>	<b>1,731,187</b>	<b>3,280,199</b>	<b>1,191,887</b>	<b>2,088,313</b>

#### Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement.

#### Sensitivities

The non-life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

## Notes to the financial statements

For the period ended 31 December 2021

### 5.4 Insurance Risk-continued

#### Sensitivity of Non-life business liabilities to changes in valuation assumptions

31 December 2021

Class of Business	Base	5% Loss Ratio	(-5%) Loss Ratio	1% Discount Rate	(-1)% Discount Rate
General Accident	152,682	7,634	(7,634)	1,527	(1,527)
Engineering	119,530	5,977	(5,977)	1,195	(1,195)
Fire	238,167	11,908	(11,908)	2,382	(2,382)
Marine	46,824	2,341	(2,341)	468	(468)
Motor	45,249	2,262	(2,262)	452	(452)
Bond*	7,840	392	(392)	78	(78)
Oil & Gas*	438,012	21,901	(21,901)	4,380	(4,380)
<b>IBNR</b>	<b>1,048,304</b>	<b>52,414</b>	<b>(52,415)</b>	<b>10,483</b>	<b>(10,483)</b>
<b>Gross OCR</b>	<b>1,473,030</b>	<b>73,652</b>	<b>(73,652)</b>	<b>14,730</b>	<b>(14,730)</b>
<b>Total</b>	<b>2,521,334</b>	<b>126,066</b>	<b>(126,067)</b>	<b>25,213</b>	<b>(25,213)</b>
Percentage Change		26%	53%	-99.00%	-101.00%

The method used for deriving sensitivity information and significant assumptions did not change from the previous period. No future inflation is assumed thus no sensitivity is assumed, Effective historic annual inflation rates used is 12.4% and effective annual discount rate is 15.0%.

31 December 2020

Class of Business	Base	5% Loss Ratio	(-5%) Loss Ratio	1% Discount Rate	(-1)% Discount Rate
General Accident	118,320	5,916	(5,916)	1,183	(1,183)
Engineering	21,449	1,072	(1,072)	214	(214)
Fire	83,601	4,180	(4,180)	836	(836)
Marine	44,272	2,214	(2,214)	443	(443)
Motor	76,498	3,825	(3,825)	765	(765)
Bond*	2,389	119	(119)	24	(24)
Oil & Gas*	437,206	21,860	(21,860)	4,372	(4,372)
<b>IBNR</b>	<b>783,735</b>	<b>39,187</b>	<b>(39,187)</b>	<b>7,837</b>	<b>(7,837)</b>
<b>Gross OCR</b>	<b>1,363,161</b>	<b>68,158</b>	<b>(68,158)</b>	<b>13,632</b>	<b>(13,632)</b>
<b>Total</b>	<b>2,146,896</b>	<b>107,345</b>	<b>(107,345)</b>	<b>21,469</b>	<b>(21,469)</b>
Percentage Change		26%	53%	-99.15%	-100.85%

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.5 Claims development table\_NonLife

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

In setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves where there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

#### Claims development table

##### Analysis of claims development – Gross

	2017	2018	2019	2020	2021	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Estimate of ultimates:						
End of accident year	400,426	429,013	702,685	904,306	1,278,870	3,715,300
1 year later	184,277	209,776	372,556	1,708,406		2,475,015
2 years later	284,923	52,551	128,710			466,184
3 years later	280,970	143,373				424,343
4 year later	669					669
Cumulative Payment	1,151,265	834,713	1,203,951	2,612,712	1,278,870	7,081,511
Current estimate of ultimate claims	1,198,799	917,209	1,511,570	3,072,749	2,899,889	9,600,216
Current outstanding claims reserve	43,059	76,496	299,093	413,572	638,181	1,470,401
Liability in Statement of Financial Position						<b>1,048,304</b>

##### Analysis of claims development – Reinsurance

	2017	2018	2019	2020	2021	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Estimate of ultimates:						
End of accident year	224,244	240,247	393,504	506,411	716,167	2,080,574
1 year later	103,195	117,475	208,631	956,707	-	1,386,008
2 years later	159,557	29,429	72,076	-	-	261,061
3 years later	157,343	80,289	-	-	-	237,632
4 year later	375	-	-	-	-	375
Cumulative Recoveries	644,714	467,439	674,211	1,463,119	716,167	3,965,650
Current estimate of ultimate Recoveries	671,327	513,637	846,479	1,720,739	1,636,169	5,388,352
Current outstanding claims recoveries	24,113	42,838	167,492	231,600	357,381	823,425
Asset in Statement of Financial Position						<b>599,277</b>

##### Analysis of claims development – Net

	2017	2018	2019	2020	2021	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Estimate of ultimates:						
End of accident year	176,187	188,766	309,181	397,895	562,703	1,634,731
1 year later	81,082	92,301	163,925	751,699	-	1,089,007
2 years later	125,366	23,122	56,634	-	-	205,123
3 years later	123,627	63,084	-	-	-	186,711
4 year later	294	-	-	-	-	294
Cumulative Net Payment	506,556	367,274	529,740	1,149,593	562,703	3,115,866
Current estimate of net ultimate claims	527,472	403,572	665,091	1,352,010	1,263,725	4,211,869
Current net outstanding claims reserve	18,946	33,658	131,601	181,972	280,800	646,976
Net Liability in Statement of Financial Position						<b>449,027</b>

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.6 Financial risk management

#### 5.6.1 Introduction and Overview

The company is exposed to a range of financial risks through its financial instruments, insurance assets and Insurance Liabilities. The key financial risk is that in the long term its investments proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of the financial risks are :

(a) Credit Risk

(b) Liquidity risk

(c) Market risk

Credit risk is the risk of default and change in the credit quality of issuers of securities (in the Company's investment portfolio), counter-parties (e.g. on reinsurance and coinsurance contracts) and untimely or non-payment of premiums by brokers and clients.

The Company is exposed to the following categories of credit risk:

**Direct Default Risk** – the risk of non- receipt of the cash flows or assets to which it is entitled because brokers, clients and other debtors default on their obligations.

**Concentration Risk** – this is the exposure to losses due to excessive concentration of business activities to individual counterparties, groups of individual counterparties or related entities, counterparties in specific geographical locations, industry sectors, specific products, etc.

**Counterparty Risk** – this is the risk that a counterparty is not able or willing to meet its financial obligations as they fall due.

The Company therefore ensures the establishment of principles, policies and processes and structure for the management of credit risk.

The credit risk appetite is in line with the Company's strategic objectives, available resources and the provisions of NAICOM Operational Guidelines. In setting this appetite/tolerance limits, the company takes into consideration the corporate solvency level, risk capital and liquidity level, credit ratings, level of investments, reinsurance and coinsurance arrangements, and nature and categories of its clients.

The Company's credit risk tolerance includes the following:

- Individual broker's indebtedness, at the end of each financial year, shall not exceed the limit set by management at the beginning of that financial year.
- Unpaid Premiums shall not remain outstanding for more than a period of 1 month, after which this would serve as an objective indicator of impairment.

Credit risk tolerance limits shall be updated from time to time, to reflect changes in the business and to comply with any changes in regulatory provisions.

The credit risk management governance structure comprises the board of directors, ERM Committee, management risk committee, technical operations department, risk management department and the internal audit department.

The Board Risk Committee has the responsibility of ensuring that an appropriate, adequate and effective system of risk management and internal control which addresses credit control is established and maintained.

The Credit Risk Management process involves the identification, measurement, mitigation and control, monitoring and reporting credit risk.

The credit control unit identifies the credit risk by, amongst other functions assessing/evaluating the repayment capacity of clients/counterparties, credit policyholders, insurance brokers, etc.

An internal credit rating scale is in place to measure the counterparty credit risk. All clients and counterparties that are to be granted credit shall be rated using the Company's risk-rating model. The risk-rating model comprises:

- **Client/counterparty risk rating:** evaluates a client's ability to meet its credit obligations, through analysis of its financial statements, cash flow statement, management capabilities and other client related risk factors.

- **Transaction risk rating:** defines the risk of a specific credit line by overlaying the counterparty risk rating with an analysis of factors such as credit structure and collaterals (e.g. guarantees, and equitable and legal mortgages).

The following risk mitigation and control activities are in place to effectively manage exposures to default risk: client evaluation, credit analysis, credit limit setting, credit approval, security management and provision for impairment.

The quality and performance of credit portfolios is monitored to identify early signs of decline in credit quality. Such activities include the review of ageing report, credit portfolio quality and delinquency management.

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.6 Financial risk management - continued

The Company has established a credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Net exposure limits are set for each counterparty or Company of counterparties, geographical and industry segment (i.e. limits are set for investments and cash deposits).

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings.

The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document until expiry, when the policy is either paid up or terminated. Commission payable to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

#### Credit exposure

The table below shows the maximum exposure to credit risk for the components of the statement of financial position and items such as future commitments. The carrying amounts of financial assets represents the maximum credit exposure.

	Notes	31-Dec-2021 N'000	31-Dec-2020 N'000
<b>Financial instruments</b>			
Cash and cash equivalents	17	2,660,877	2,073,336
Financial asset at FVOCI	18	264,051	625,622
Financial assets at amortised cost	18	13,832,307	11,868,423
Reinsurance recoverable	20	955,240	680,789
Trade receivables	19	287,981	230,459
Other receivables *	21	-	3,323
<b>Total credit risk exposure</b>		<b>18,000,456</b>	<b>15,481,952</b>

\*Excluded from other receivables are prepaid expenses.

Impairment losses on assets recognised in profit or loss were as follows:

	31-Dec-2021 N'000	31-Dec-2020 N'000
<b>ECL impairment</b>		
Impairment on insurance receivables (see note 19(c)(i))	32,072	-
(Write back)/impairment on other receivables (see note 21(c))	(24,357)	26,976
(Write back)/impairment of financial assets at amortised cost (see note 18(a))	(253)	13,484
(Write back)/impairment on cash and cash equivalent (see note 17(b))	(1,578)	9,995
Reversal of Impairment on debt instrument at FVOCI (see note 14)	(1,900)	(30,492)
	<b>3,984</b>	<b>19,963</b>

#### 5.6.1 Concentration of credit risk by sector

	31-Dec-2021 N'000	31-Dec-2020 N'000
Banking and other financial sector	16,757,235	14,567,381
Insurance sector	287,981	230,459
Others	-	3,323
	<b>17,045,216</b>	<b>14,801,163</b>



## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.6 Financial risk management-continued

#### Analysis of financial assets by portfolio distribution

##### 31 December 2021

	Notes	Stage 1	Stage 2	Stage 3	Total
		₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents		2,661,134	-	-	2,661,134
Financial assets at amortized cost		13,832,307	-	-	13,832,307
Trade receivables		-	287,981	-	287,981
Other receivables	21(b)	-	-	-	-
		16,493,441	287,981	-	16,781,422

##### 31 December 2020

	Notes	Stage 1	Stage 2	Stage 3	Total
		₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents		2,073,477	-	-	2,073,477
Financial assets at amortized cost		11,868,423	-	-	11,868,423
Trade receivables		-	230,459	-	230,459
Other receivables	21(b)	-	3,323	-	3,323
Debt instruments at FVOCI		382,826	-	-	382,826
		14,324,726	233,782	-	14,558,508

#### Credit quality

##### Amount arising from ECL

##### Significant increase in credit risk

When determining whether the credit risk (i.e risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Company's experience, expert credit assessment and forward-looking information.

The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing the risk rating of counter parties at reporting period to the risk rating at the last reporting period. The probability of default is adjusted based on the risk rating to reflect the impact of downgrading. Risk ratings are based on external rating agencies (Fitch, Moody and S&P).

#### Inputs, assumptions and techniques used for estimating impairment.

##### Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new financial asset at fair value in accordance with the account policies.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of;

- its remaining lifetime PD as at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

The Company did not have any modified financial asset as at 31 December, 2021.

## **Notes to the financial statements**

*For the year ended 31 December 2021- Continued*

### **5.6 Financial risk management-continued**

#### *Definition of default*

The Company considers a financial asset to be in default when;

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- Trade receivables that are more than 30 days past due and other receivables that are more than 180 days past due..

In assessing whether a borrower is in default, the Company considers indicators that are;

- qualitative; e.g breaches of covenant and other indicators of financial distress;
- quantitative; e.g overdue status and non-repayment of another obligation of the same issuer to the Company; and
- based on data developed internally and obtained from external sources.

#### *Incorporation of forward-looking information*

The Company incorporates forward-looking information into both its assessment of whether the credit of an instrument has increased significantly since initial recognition and its measurement of ECL.

The Company has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used as at 31 December 2021 included the forecasted GDP average growth rate of 2.64% (premised on IMF Gross Domestic Product (GDP) forecast for Nigeria).

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.6 Financial risk management-continued

#### Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables;

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

To determine lifetime and 12-month PDs, the Company uses the PD tables supplied by Fitch, Moody and S&P rating agency based on the default history of obligors with the same credit rating. . Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. They are calculated on a discounted cash flow basis using the effective interest rates as the discounting factor. The LGD ratings were obtained from S&P and calibrated using Moody ratings as at 30 October 2021.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortization, and prepayments. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period.

#### Cash & short-term deposits in banks

in thousands of Nigerian Naira

	31 December 2021				31 December 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Investment grade	2,671,460	-	-	2,671,460	2,085,381	-	-	2,085,381
Individually impaired	-	-	-	-	-	-	-	-
Total Gross Amount	2,671,460	-	-	2,671,460	2,085,381	-	-	2,085,381
Expected credit loss	(10,326)	-	-	(10,326)	(11,904)	-	-	(11,904)
Total Net Amount	2,661,134	-	-	2,661,134	2,073,477	-	-	2,073,477

#### Cash & short-term deposits in banks

An analysis of changes in the gross amount and the corresponding ECL is as follows:

Gross carrying amount		31 December 2021				31 December 2020			
in thousands of Nigerian Naira		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance		2,085,381	-	-	2,085,381	1,314,144	-	-	1,314,144
New assets originated or purchased		2,671,460	-	-	2,671,460	2,085,381	-	-	2,085,381
Assets derecognised or repaid (excluding write offs)		(2,085,381)	-	-	(2,085,381)	(1,314,144)	-	-	(1,314,144)
At the end of the year		2,671,460	-	-	2,671,460	2,085,381	-	-	2,085,381
ECL allowance		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance		11,904	-	-	11,904	1,909	-	-	1,909
Assets derecognised or repaid		(11,904)	-	-	(11,904)	(1,909)	-	-	(1,909)
New assets originated or purchased		10,326	-	-	10,326	11,904	-	-	11,904
Impairment loss	14	(1,578)	-	-	(1,578)	9,995	-	-	9,995
At the end of the year		10,326	-	-	10,326	11,904	-	-	11,904

## 5.6 Financial risk management-continued

### Measurement of ECL

#### Debt Instruments at amortised cost

*in thousands of Nigerian Naira*

	31 December 2021				31 December 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Investment grade	13,847,040	-	-	13,847,040	11,883,409	-	-	11,883,409
Individually impaired	-	-	-	-	-	-	-	-
Total Gross Amount	13,847,040	-	-	13,847,040	11,883,409	-	-	11,883,409
Expected credit loss	(14,733)	-	-	(14,733)	(14,986)	-	-	(14,986)
Total Net Amount	13,832,307	-	-	13,832,307	11,868,423	-	-	11,868,423

#### Debt Instruments at amortised cost

An analysis of changes in the gross amount and the corresponding ECL is as follows:

		31 December 2021				31 December 2020			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount									
<i>in thousands of Nigerian Naira</i>									
Opening balance		11,883,409	-	-	11,883,409	3,438,367	-	-	3,438,367
New assets originated or purchased		13,847,040	-	-	13,847,040	11,883,409	-	-	11,883,409
Assets derecognised or repaid (excluding write offs)		(11,883,409)	-	-	(11,883,409)	(3,438,367)	-	-	(3,438,367)
At the end of the year		13,847,040	-	-	13,847,040	11,883,409	-	-	11,883,409
ECL allowance	Note								
Opening balance		14,986	-	-	14,986	1,502	-	-	1,502
New assets originated or purchased		14,733	-	-	14,733	14,986	-	-	14,986
Assets derecognised or repaid		(14,986)	-	-	(14,986)	(1,502)	-	-	(1,502)
	14	(252.59)	-	-	13,484	13,484	-	-	13,484
At the end of the year		14,733	-	-	14,733	14,986	-	-	14,986

#### Debt instruments measured at FVOCI

*in thousands of Nigerian Naira*

	31 December 2021				31 December 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Investment grade	-	-	-	-	382,826	-	-	382,826
Individually impaired	-	-	-	-	-	-	-	-
Total Gross Amount	-	-	-	-	382,826	-	-	382,826
Expected credit loss	-	-	-	-	-	-	-	-
Total Net Amount	-	-	-	-	382,826	-	-	382,826

#### Debt instruments measured at FVOCI

An analysis of changes in the fair value and the corresponding ECL is as follows:

	31 December 2021				31 December 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Fair value of debt instrument								
<i>in thousands of Nigerian Naira</i>								
Opening balance	382,826	-	-	382,826	5,981,882	-	-	5,981,882
New assets originated or purchased	-	-	-	-	481,771	-	-	481,771
Assets derecognised or repaid (excluding write offs)	(424,085)	-	-	(424,085)	(5,981,882)	-	-	(5,981,882)
Changes in fair value	41,279	-	-	41,279	(98,945)	-	-	(98,945)
At the end of the year	20,4000	-	-	20	382,826	-	-	382,826

## Measurement of ECL

### Debt instruments measured at FVOCI

ECL allowance <i>in thousands of Nigerian Naira</i>	31 December 2021				31 December 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	1,900	-	-	1,900	32,392	-	-	32,392
New assets originated or purchased	-	-	-	-	-	-	-	-
Assets derecognised or repaid	(1,900)	-	-	(1,900)	(30,492)	-	-	(30,492)
Changes ECL on debt instruments at FVOCI (Note 14)	(1,900)	-	-	(1,900)	(30,492)	-	-	(30,492)
At the end of the year	-	-	-	-	1,900	-	-	1,900

### Other Financial Receivables

<i>in thousands of Nigerian Naira</i>	31 December 2021				31 December 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	-	-	-	-	-	-	-	-
Investment grade	-	-	-	-	-	-	-	-
Non-investment grade (satisfactory)	270,849	-	-	270,849	298,530	-	-	298,530
Non-investment grade (unsatisfactory)	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	-	-	-	-	-	-
Total Gross Amount	270,849	-	-	270,849	298,530	-	-	298,530
Expected credit loss	(270,849)	-	-	(270,849)	(295,207)	-	-	(295,207)
Total Net Amount	-	-	-	-	3,323	-	-	3,323

## Measurement of ECL

<i>in thousands of Nigerian Naira</i>	Note	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
		Individual	Individual			Individual	Individual		
Opening balance		(295,207)	-	-	(295,207)	(267,825)	-	-	(267,825)
New assets originated or purchased		-	-	-	24,358	(27,382)	-	-	(27,382)
Transfers to Stage 3		-	-	-	-	-	-	-	-
Assets derecognised or repaid (excluding write offs)		24,358	-	-	-	-	-	-	-
		24,358	-	-	24,358	(27,382)	-	-	(27,382)
At the end of the year		(270,849)	-	-	(270,849)	(295,207)	-	-	(295,207)

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.6 Financial risk management - continued

The following table provides information about the exposure to credit risk and ECLs for trade receivables and other financial assets.

	Weighted average loss rate	Gross carrying amount	Expected credit loss allowance
<b>31 December 2021</b>		<b>₦'000</b>	<b>₦'000</b>
Cash and cash equivalents	0.39%	2,671,460	(10,326)
Financial assets at amortised cost	0.11%	13,719,185	(14,733)
Trade receivables	24%	287,981	(68,129)
Other receivables*	100%	270,849	(270,849)
		16,949,475	(364,037)
<b>31 December 2020</b>		<b>₦'000</b>	<b>₦'000</b>
Cash and cash equivalents	1%	2,085,381	(11,904)
Financial assets at amortised cost	0.13%	11,883,409	(14,986)
Debt instruments measured at FVOCI	0.50%	382,826	(1,900)
Trade receivables	16%	230,459	(36,057)
Other receivables*	99%	298,530	(295,207)
		14,880,605	(360,054)

\* Excluded in other receivables is WHT receivables. Also, loss rates are based on actual credit loss experience over a period of 5 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on the forecasted GPD growth rate. The table below sets out the ECL allowance based on ECL model.

	6 month ECL	Life time ECL non credit impaired	Life time ECL credit impaired	Total
<b>31 December 2021</b>				
Cash and cash equivalents	(10,326)	-	-	(10,326)
Financial assets at amortised cost	(14,733)	-	-	(14,733)
Trade receivables	-	-	(68,129)	(68,129)
Other receivables*	-	18,596	(289,445)	(270,849)
	(25,059)	18,596	(357,574)	(364,037)

	6 month ECL	Life time ECL non credit impaired	Life time ECL credit impaired	Total
<b>31 December 2020</b>				
Cash and cash equivalents	(11,904)	-	-	(11,904)
Financial assets at amortised cost	(14,986)	-	-	(14,986)
Debt instruments measured at FVOCI	-	-	(1,900)	(1,900)
Trade receivables	-	-	(36,057)	(36,057)
Other receivables*	-	(86,843)	(208,364)	(295,207)
	(26,890)	(86,843)	(246,321)	(360,054)

## **Notes to the financial statements**

*For the year ended 31 December 2021- Continued*

### **Cash and Cash equivalents**

The company held cash and cash equivalent of N2.661 billion as at 31 December 2021 (2020:N2.07b). The cash and cash equivalent are held with Bank and financial institution counterparty which are rated AA to CCC based on Fitch ratings.

Impairment on cash and cash equivalent has been measured on a 12 month expected credit loss basis and reflected the short maturities of the exposures. The Company considers that its cash and cash equivalents have low to medium credit risk based on the external credit rating of the counter parties.

The Company uses a similar approach for assessment of ECLs on cash and cash equivalents to those used for debt securities. N1.58 million impairment allowance was derecognised during the period, bringing the balance from N11.904 million in 2020 to N10.326 million being the closing balance at 31st December, 2021

### **5.6.2 Liquidity risk**

Liquidity risk is the inability of a business to meet its obligations associated with financial liabilities that are settled by delivering of cash or another financial instrument on a timely basis. It is also the inability of a business to take advantage of business opportunities and sustain the growth target in its business strategy due to liquidity constraints or difficulty in obtaining funding at a reasonable cost. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

Liquidity risk exposure is strongly related to the credit and investment risk profile. For instance, an increase in our credit risk exposure may increase our liquidity risk profile; poor performance of the investment portfolio may have severe liquidity risk implications for the Company.

The Company's strategy for managing liquidity risks are as follows:

- Maintain a good and optimum balance between having sufficient stock of liquid assets, profitability and investment needs
- Ensure strict credit control and an effective management of receivables
- Ensure unrestricted access to financial markets to raise funds
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans
- Adhere to the liquidity risk control limits
- The Company's catastrophe excess-of-loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.
- Communicate to all relevant staff the liquidity risk management objectives and control limits

The liquidity risk appetite shall be defined using the following parameters:

- Liquidity gap limits
- Liquidity ratios as mentioned below

These ratios are monitored by the Management Risk Committee.

The Liquidity Risk Management Governance Structure comprises the board of directors, ERM Committee, Management Risk Committee, Technical operations department, Risk management department and Internal audit department.

The following early warning indicators are used to promptly identify liquidity risks:

- Negative trends in cash forecast
- Volume of outstanding premium
- Decline in earnings performance or projections
- Exceeding liquidity limits as indicated by relevant metrics
- Deteriorating third-party ratings of the Company
- Scenario and sensitivity analysis

## **Notes to the financial statements**

*For the year ended 31 December 2021- Continued*

The following approaches are adopted to assess liquidity risk exposures:

- Liquidity ratio analysis
- Cash flow analysis
- Scenario and sensitivity analysis

Liquidity ratios are used to assess the ability to meet short-term obligations. The relevant ratios include the following:

- Claims ratio
- Receivables to capital ratio
- Ratio of technical provision to capital
- Maximum exposure for single risk to capital ratio
- Maximum exposure for a single event to capital
- Retention rate

Cash flow analysis shows the net future cash flows of various time-bands. The Company uses cash flow analysis (cash forecasting) to compare cash inflows and outflows daily and over a series of time bands (weekly, monthly, quarterly, bi-annually and yearly). The Company's net funding requirement is determined by analyzing the present and future cash flows at selected maturity dates, based on assumptions about the income and expenditures. This analysis will include the cumulative net excess or shortfall over the period of the analysis.

Liquidity risk is measured by performing scenario and sensitivity analyses based on various stress factors that differ in terms of probability, severity and duration.

Scenarios are applied, based on normal business operations and on crisis, to determine the potential impact on funding requirements.

Based on the results of the stress test and scenario analysis, the following activities are performed:

- Quantify liquidity outflows in all stress scenario for each liquidity risk drive
- Identify cash inflows to close liquidity gaps under all stress scenarios
- Determine net liquidity position for each scenario

In managing liquidity risk mitigation and control, one way is having access to financial markets. This is by ensuring that the Company has sufficient and unhindered access to funding from a range of sources in the financial markets, also assessing periodically the ability to obtain funds in both local and foreign currencies.

The Risk management department maintains an independent liquidity risk-reporting framework that consistently communicates liquidity risk information across the Company and ensures availability of timely information for liquidity management decisions.

### ***Maturity profiles***

The table that follows summarizes the maturity profile of the non-derivative financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognized insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

Reinsurance assets have been presented on the same basis as insurance liabilities. Loans and receivables include contractual interest receivable.



## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.6 Financial risk management - continued

#### Maturity profile of financial assets and liabilities:

The following are the remaining contractual maturities of financial assets and financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

31 December 2021

	Notes	Carrying amount N'000	Gross nominal value N'000	1-3 months N'000	3-6 months N'000	6-12 months N'000	> 1 year N'000
<b>Financial assets</b>							
Cash and cash equivalents	17	2,661,134	2,661,134	2,661,134	-	-	-
Financial asset at amortised cost	18	13,832,307	13,915,608	2,163,994	115,789	123,580	11,512,245
Financial assets at fair value through OCI	18	264,051	224,939	-	-	-	224,939
Trade receivables	19	287,981	287,981	287,981	-	-	-
Statutory deposit	27	900,400	900,400	-	-	-	900,400
		<b>17,945,873</b>	<b>17,990,062</b>	<b>5,113,109</b>	<b>115,789</b>	<b>123,580</b>	<b>12,637,584</b>
<b>Financial liabilities</b>							
Trade payables	30	1,262,948	1,262,948	1,262,948	-	-	-
Other payables	31	223,833	223,833	223,833	-	-	-
		<b>1,486,781</b>	<b>1,486,781</b>	<b>1,486,781</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net financial assets</b>		<b>16,459,092</b>	<b>16,503,281</b>	<b>3,626,328</b>	<b>115,789</b>	<b>123,580</b>	<b>12,637,584</b>

31 December 2020

	Notes	Carrying amount N'000	Gross nominal value N'000	1-3 months N'000	3-6 months N'000	6-12 months N'000	1-5 years N'000
<b>Financial assets</b>							
Cash and cash equivalents	17	2,073,477	2,073,477	2,073,477	-	-	-
Financial asset at amortised cost	18	11,868,423	12,621,867	1,962,806	105,024	112,091	10,441,946
Financial assets at fair value through OCI	18	625,622	612,255	-	387,316	-	224,939
Trade receivables	19	230,459	230,459	230,459	-	-	-
Other receivables(excluding prepayment)	21	3,323	3,323	3,323	-	-	-
Statutory deposit	27	900,400	900,400	-	-	-	900,400
		<b>15,701,704</b>	<b>16,441,781</b>	<b>4,270,065</b>	<b>492,340</b>	<b>112,091</b>	<b>11,567,285</b>
<b>Financial liabilities</b>							
Trade payables	30	707,298	707,298	707,298	-	-	-
Other payables	31	275,015	275,015	275,015	-	-	-
		<b>982,313</b>	<b>982,313</b>	<b>982,313</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net financial assets</b>		<b>14,719,392</b>	<b>15,459,468</b>	<b>3,287,752</b>	<b>492,340</b>	<b>112,091</b>	<b>11,567,285</b>

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.6 Financial risk management - continued

#### 5.6.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

##### - Foreign exchange risk

The Company is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency. The Company is exposed to bank balances in foreign currencies.

The carrying amounts of the foreign currency denominated assets and liabilities as at end of the year are as follows:

31 December 2021	USD N'000	EUR N'000	GBP N'000	Total N'000
Cash and bank balances	506,760	2,761	188	509,709
Eurobonds	993,313	-	-	993,313
Unquoted equities	54,369	-	-	54,369
31 December 2020	USD N'000	EUR N'000	GBP N'000	Total N'000
Cash and bank balances	237,709	923	166	238,798
Long term deposits	1,025,425	-	-	1,025,425
Unquoted equities	47,980	-	-	47,980

The following significant exchange rates have been applied:

	Average rates		Year end spot rate	
	2021	2020	2021	2020
US Dollars	399	386	424	410
EURO	450	450	467	467
GB Pounds	519	481	556	516

##### Foreign exchange sensitivity

	Increase by 5% N'000	Increase by 10% N'000	Decrease by 5% N'000	Decrease by 10% N'000
<b>Financial assets exposed to foreign exchange risk</b>				
<b>31 December 2021</b>				
Financial assets	1,557,391	1,557,391	1,557,391	1,557,391
Effect on profit before tax	77,870	155,739	(77,870)	(155,739)
Taxation @ 30%	(23,361)	(46,722)	23,361	46,722
Effect on profit after tax	54,509	109,017	(54,509)	(109,017)
<b>Financial assets exposed to foreign exchange risk</b>				
<b>31 December 2020</b>				
Financial assets	1,312,203	1,312,203	1,312,203	1,312,203
Effect on profit before tax	65,610	131,220.30	(65,610)	(131,220)
Taxation @ 30%	(19,683)	(39,366)	19,683	39,366
Effect on profit after tax	45,927	91,854	(45,927)	(91,854)

##### - Interest rate risk

The Company is moderately exposed to interest-rate risk through its conservative investment approach with high investment in Fixed Income and Money Market instruments.

Interest rate risk is managed principally through monitoring interest rate gaps and sensitivity analysis across all investment portfolios. The Company does not have interest bearing liabilities. Fluctuations in interest rates cannot significantly impact the Company's statement of financial position as the Company does not have a floating rate interest bearing asset.

The table below details the interest rate sensitivity analysis of the Company as at 31 December 2020, holding all other variables constant. Based on historical data, 100 and 500 basis points changes are deemed to be reasonably possible and are used when reporting interest rate risk.

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.6 Financial risk management - continued

#### Interest earning assets

##### 31 December 2021

	1-3 months N'000	3-6 months N'000	> 6 months N'000	Total N'000
Cash and bank balances	2,660,877	-	-	2,660,877
<i>Financial Assets</i>				
Amortized cost	-	127,855	13,528,967	13,656,823
Statutory deposit	-	-	900,400	900,400
<b>Total interest earning assets</b>	<b>2,660,877</b>	<b>127,855</b>	<b>14,429,367</b>	<b>17,218,100</b>

#### Gap

Increase by 100bp	26,609	1,278.55	144,294	172,181.00
Increase by 500bp	133,044	6,393	721,468	860,904
Decrease by 100bp	(26,609)	(1,279)	(144,294)	(172,181)
Decrease by 500bp	(133,044)	(6,393)	(721,468)	(860,905)

##### 31 December 2020

	N'000	N'000	N'000	N'000
Cash and bank balances	2,073,336	-	-	2,073,336
<i>Investment securities</i>				-
Amortized cost	89,876	353,847	11,205,157	11,648,880
Fair value through other comprehensive income (debt instrument)	382,826	-	-	382,826
Statutory deposit	-	-	900,400	900,400
<b>Total interest earning assets</b>	<b>2,546,038</b>	<b>353,847</b>	<b>12,105,557</b>	<b>15,005,442</b>

#### Gap

Increase by 100bp	25,460	3,538	121,056	150,054
Increase by 500bp	127,302	17,692	605,278	750,271
Decrease by 100bp	(25,460)	(3,538)	(121,056)	(150,054)
Decrease by 500bp	(127,302)	(17,692)	(605,278)	(750,272)

Summary of sensitivity of investments to market prices

##### 31 December 2021

	as per mkt price N'000	at +10% of mkt price N'000	at -10% of mkt price N'000
<i>Quoted equities</i>			
Non-life	175,423	17,542	(17,542)
Life	88,629	8,863	(8,863)
<b>Total</b>	<b>264,052</b>	<b>26,405</b>	<b>(26,406)</b>

##### 31 December 2020

	as per mkt price N'000	at +10% of mkt price N'000	at -10% of mkt price N'000
<i>Quoted equities</i>			
Non-life	97,455	9,746	(9,746)
Life	64,780	6,478	(6,478)
<b>Total</b>	<b>162,235</b>	<b>16,224</b>	<b>(16,225)</b>

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### - Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit-linked business.

The Company has no significant concentration of price risk.

The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that asset are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.

The Company is active in money and capital market instruments, and investments in these instruments are basically for liquidity and held-to-maturity purposes. Therefore, the values of assets in the investment portfolio are at risk due to volatility in security prices, interest rates, and other market and economic variables.

A sound market/investment risk management framework is implemented in order to minimize possible losses to capital and earnings arising from volatilities in market factors. The Company stipulates diversification benchmarks by type of instrument and geographical area.

Investment risk is the risk of loss (partial or full) of the principal amount and/or expected returns due to changes in the market variables. Investment risk is managed effectively and on a proactive basis by developing and implementing investment risk management strategies policies and processes.

The Company adopts a top down approach for defining its investment appetite. This is reviewed by senior management and approved by the Board Investment Committee (BIC) to ensure amongst other things that the investment risk assumed are commensurate with its strategy.

The following investment risk appetite statements guide the Company:-

- Except as waived by BIC after proper feasibility study, investment/trading transactions that do not fall within our target market and defined risk appetite are not undertaken, no matter how profitable the transactions may be.
- The Company does not enter into any transaction that is illegal, unethical or contravenes any applicable laws, regulations, or professional code of conduct, or is capable of damaging our corporate image or of our key officers
- Businesses are not transacted with any organisation with perceived likelihood of failure or that shows signs of going concern challenges.
- A cautious and prudent approach is adopted in engaging in investment and trading activities

The strategic management of the Company's investment portfolio is the fundamental responsibility of the Board Investment Committee (BIC) and senior management. The investment management team is responsible for implementing our policies by executing trade and investment decisions.

In accordance with section 6(2) of the NAICOM guidelines (which is subject to future amendments), the Company invests in any of the following categories of investment assets:

- Bonds, bills and other securities issued or guaranteed by the Federal Government of Nigeria and the Central Bank of Nigeria
- Bankers acceptance and commercial papers guaranteed by issuing bank
- Quoted equities of not more than 50% of insurance fund
- Unquoted equities not more than 10% of insurance fund
- Equipment leasing not more than 5% of insurance fund
- Property for non-life insurance, not more than 25% insurance fund

Investment risk exposures are mitigated by:

- Setting internal investment risk control limits
- Complying with legal investment limits
- Establishing investment approval limits
- Diversification, in order to smoothen out unsystematic risk events in our portfolios
- Clear separation of duties between the unit that initiates and executes trades, and the units that accounts for trade transactions and handle transaction settlement.

The risk management department is responsible for monitoring investment risk exposures while the financial control department provides relevant information to the risk management department for investment risk monitoring.

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 5.7 Measurement of fair values

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

#### (a) Financial assets carried at fair value

##### 31 December 2021

*All carried at FVTOCI*

	Carrying value	Fair value	Level 1	Level 2	Level 3
	N'000	N'000	N'000	N'000	N'000
Unlisted Equity	87,097	87,097	-	-	87,097
Listed Equity	176,955	176,955	176,955	-	-
Debt Instruments	-	-	-	-	-
Total financial assets	264,052	264,052	176,955	-	87,097

##### 31 December 2020

*All carried at FVTOCI*

	Carrying value	Fair value	Level 1	Level 2	Level 3
	N'000	N'000	N'000	N'000	N'000
Unlisted Equity	75,638	75,638	-	-	75,638
Listed Equity	167,158	167,158	167,158	-	-
Debt Instruments	382,826	382,826	-	382,826	-
Total financial assets	625,622	625,622	167,158	382,826	75,638

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free interest rates, credit spreads and other premia used in estimating discount rates, bonds and equity prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Company uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation.

Significant unobservable inputs used in measuring fair value

Information set out below shows the significant unobservable inputs used as at 31 December 2021 in measuring available for sale categorized as Level 3 in the fair value hierarchy.

A 5% increase/decrease in the average price will result to a net increase/decrease of N3million in the fair value of the level 3 financial assets.

#### Reconciliation of level 3 fair values.

The following table shows a reconciliation for the opening balance to the closing balance for level 3 fair value.

	Unlisted Equity Securities
	N'000
Balance as at 1 January 2020	74,093
Reclassification to listed equities	(4,924)
Net change in fair value recognised in OCI (unrealised)	6,469
Balance as at 31 December 2020	75,638
	N'000
Balance at 1 January 2021	75,638
Reclassification to listed equities	-
Net change in fair value recognised in OCI (unrealised)	11,458
Balance as at 30 June 2021	87,097

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### (b) Financial assets not carried at fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

31 December 2021	Carrying value N'000	Fair value N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000
FGN bonds	13,528,965	14,611,283	-	14,611,283	-
Staff loan	165,291	165,291	-	-	165,291
Loans to policy holders	10,196	10,196	-	-	10,196
Total financial assets	13,704,452	14,786,769	-	14,611,283	175,487

31 December 2020	Carrying value N'000	Fair value N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000
FGN bonds	11,648,880	12,580,790	-	12,580,790	-
Staff loan	212,361	212,361	-	-	212,361
Loans to policy holders	7,182	7,182	-	-	7,182
Total financial assets	11,868,423	12,800,334	-	12,580,790	219,543

### Fair value disclosure for other financial assets

#### Cash and cash equivalents

Cash and cash equivalents are cash deposits in banks and short term deposits (Placements) with financial institutions. The cash deposit are deemed to be at fair value as no rates are applied and the cash will be made available to the Company on request.

#### Reinsurance recoverable

Reinsurance recoverable are due from reinsurers. There are no market activities for such assets from which observable inputs can be obtained. Management has developed unobservable inputs using the best information available which is the actual value due from the reinsurers. This is deemed to be the fair value as the level of measurement uncertainty is low and are based on predetermined arrangements.

#### Trade receivables

Trade receivables are premiums due from brokers and other intermediaries. Though there is no active market for this group of financial assets, the basis for assessing the risk of the financial assets is based on policy issued by the regulatory body, NAICOM, which can be said to be observable and can be comparable to other companies in the industry. The carrying amount of trade receivable is a reasonable approximation of its fair value, which is receivable on demand.

#### Trade payables

The carrying amount of trade payables is a reasonable approximation of their fair value, which is payable on demand.

#### Other payables

Other payables consist of amount owed to non-trade related creditors

The carrying amount of other payables is a reasonable approximation of their fair value, which is payable on demand.

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**6 Gross premium written and income**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Long-term insurance contracts (see note 6.1 below)	296,554	379,217
Short-term insurance contracts (see note 6.1 below)	13,406,782	10,086,754
<b>Gross premium written</b>	<b>13,703,336</b>	<b>10,465,971</b>
Change in unearned premium provision (note 29(a)(iv))	(1,028,484)	(309,547)
<b>Gross premium income</b>	<b>12,674,852</b>	<b>10,156,424</b>

**6.1 Net Premium income**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
<i>Long-term insurance contracts with fixed and guaranteed terms:</i>		
Gross premium written	296,554	379,217
<i>Short-term insurance contracts:</i>		
Gross premium written (see note 6 above)	13,406,782	10,086,754
Change in unearned premium provision (see note 6 above)	(1,028,484)	(309,547)
Gross premium income	12,674,852	10,156,424
<b>Reinsurance outward:</b>		
Short-term reinsurance contract	(6,453,132)	(4,122,425)
Long-term reinsurance contracts	(37,129)	(43,171)
	(6,490,261)	(4,165,596)
Changes in prepaid reinsurance premium (see note 20(a))	657,671	71,212
<b>Reinsurance expense</b>	<b>(5,832,590)</b>	<b>(4,094,384)</b>
Net premium income	6,842,262	6,062,040

**6.2 Fees and commission income on insurance**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Commissions (see note 32(a))	980,428	676,708
	980,428	676,708

**7 Profit on deposit administration**

Income		
Interest income	20,693	13,176
	20,693	13,176
<i>Expense</i>		
Guaranteed interest (see note 28)	(17,154)	(6,395)
	(17,154)	(6,395)
Profit on deposit administration	3,539	6,781

**8 Gross benefits and claims incurred**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Short term business	6,587,603	3,782,777
Long term business (see note 29(b)(i))	136,829	247,092
	6,724,432	4,029,869

**Breakdown of gross benefits and claims incurred**

	31-Dec-2021			31-Dec-2020		
	Changes in outstanding claims and IBNR			Changes in outstanding claims and IBNR		
	Paid claims	Total claims incurred		Paid claims	Total claims incurred	
	N'000	N'000	N'000	N'000	N'000	N'000
<b>- Short term insurance contracts:</b>						
Motor	564,855	(61,924)	502,931	324,604	106,617	431,221
Fire	1,450,999	290,424	1,741,423	658,578	128,601	787,179
Bond	-	5,450	5,450	-	8,012	8,012
General accident	295,956	181,445	477,401	204,243	(362,718)	(158,475)
Marine and aviation	239,850	68,200	308,050	158,313	(6,266)	152,047
Engineering	642,267	101,952	744,219	39,534	41,524	81,058
Oil and energy	189,785	(211,109)	(21,324)	253,497	254,314	507,811
Health insurance	1,091,598	199,461	1,291,059	562,378	195,023	757,401
Group life	1,488,258	50,136	1,538,394	923,291	293,232	1,216,523
Total benefits and claims paid on short term insurance contracts:	5,963,568	624,035	6,587,603	3,124,438	658,339	3,782,777
<b>- Long-term insurance contracts:</b>						
Individual life (see Note 29(b)(i))	169,736	(32,907)	136,829	215,716	31,376	247,092
Total benefits and claims incurred on long term insurance contracts	169,736	(32,907)	136,829	215,716	31,376	247,092
Total gross benefits and claims incurred	6,133,304	591,128	6,724,432	3,340,154	689,715	4,029,869

Significant growth was noticed in claims incurred during the year when compared with prior year. This is not dissociated from huge claims exposure arising from "Endsars protest" of 2020 which negatively affect the industry at large. Besides, the company also paid claims of about N1 billion naira on two major accounts.

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**9 Benefits and claims recoverable from reinsurers**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Short-term business	3,218,810	1,298,142
Long-term business	(2,241)	25,475
	3,216,569	1,323,617

**(a) Breakdown of claims & benefit recoverable from reinsurers**

	31-Dec-2021			31-Dec-2020		
	Short term	Long term	Total	Short term	Long term	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	87,567	-	87,567	50,744	-	50,744
Fire	726,280	-	726,280	523,630	-	523,630
Bond	-	-	-	-	-	-
General accident	822,090	-	822,090	(625,611)	-	(625,611)
Marine and aviation	255,005	-	255,005	15,474	-	15,474
Engineering	102,636	-	102,636	31,059	-	31,059
Oil and energy	(371,303)	-	(371,303)	487,567	-	487,567
Agriculture	17,730	-	17,730	-	-	-
Individual life	-	(5,882)	(5,882)	-	60,470	60,470
Group life	327,167	-	327,167	165,162	-	165,162
Health insurance	1,013,148	-	1,013,148	589,783	-	589,783
Reinsurance portion of IBNR	238,490	3,641	242,131	60,334	(34,995)	25,339
	3,218,810	(2,241)	3,216,569	1,298,142	25,475	1,323,617

**(b) Breakdown of claims and benefits recoverable from reinsurers**

	31-Dec-2021			31-Dec-2020		
	Claims recovered from reinsurers	Changes in reinsurance share of outstanding claims and IBNR	Total claims and benefits recoverable from reinsurers	Claims recovered from reinsurers	Changes in reinsurance share of outstanding claims and IBNR	Total claims and benefits recoverable from reinsurers
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>- Short term insurance contracts:</b>						
Motor	49,215	36,164	85,379	34,260	17,076	51,336
Fire	575,431	238,878	814,309	328,624	167,978	496,602
Bond	-	2,180	2,180	-	(995)	(995)
General accident	549,402	308,148	857,550	102,886	(769,395)	(666,509)
Marine and aviation	205,736	46,400	252,136	45,013	(25,247)	19,766
Engineering	82,340	73,361	155,701	21,454	18,083	39,537
Oil and energy	46,321	(417,093)	(370,772)	74,365	505,993	580,358
Group life	279,147	112,028	391,175	96,731	79,683	176,414
Health insurance	829,925	201,227	1,031,152	454,819	146,814	601,633
Total benefits and claims recovered on short term insurance contracts:	2,617,517	601,293	3,218,810	1,158,152	139,990	1,298,142
<b>- Long-term insurance contracts:</b>						
Individual life	(8,448)	6,207	(2,241)	50,135	(24,659)	25,475
Total benefits and claims recovered on long term insurance contracts	(8,448)	6,207	(2,241)	50,135	(24,659)	25,475
Total gross benefits and claims recovered	2,609,069	607,500	3,216,569	1,208,287	115,331	1,323,617

**10 Acquisition expenses**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Short term business	1,514,378	1,615,336
Long term business	395,535	28,561
	1,909,913	1,643,897



**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**10-Acquisition expenses - continued**

Analysis of acquisition expenses:

	31-Dec-2021			31-Dec-2020		
	Short term	Long term	Total	Short term	Long term	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	127,831	-	127,831	119,704	-	119,704
Fire	177,455	-	177,455	169,204	-	169,204
Bond	4,320	-	4,320	4,433	-	4,433
General accident	172,393	-	172,393	156,900	-	156,900
Marine and aviation	198,445	-	198,445	145,174	-	145,174
Engineering	97,275	-	97,275	68,584	-	68,584
Oil and energy	461,225	-	461,225	571,592	-	571,592
Agriculture	16,384	-	16,384	-	-	-
Individual life	-	22,707	22,707	-	28,561	28,561
Health insurance	259,050	-	259,050	141,411	-	141,411
Group life	-	372,828	372,828	238,334	-	238,334
	1,514,378	395,535	1,909,913	1,615,336	28,561	1,643,897

**11 Maintenance expenses**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Short term business	458,225	312,910
Long term business	14,679	19,773
	472,904	332,683

Analysis of maintenance expenses:

	31-Dec-2021			31-Dec-2020		
	Short term	Long term	Total	Short term	Long term	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	15,497	-	15,497	12,323	-	12,323
Fire	10,933	-	10,933	10,648	-	10,648
Bond	1,629	-	1,629	171	-	171
General accident	11,198	-	11,198	9,382	-	9,382
Marine and aviation	108,488	-	108,488	49,015	-	49,015
Engineering	5,068	-	5,068	4,991	-	4,991
Oil and energy	20,419	-	20,419	18,791	-	18,791
Agriculture	2,431	-	2,431	-	-	-
Individual life	-	14,679	14,679	-	19,773	19,773
Health	120,251	-	120,251	69,435	-	69,435
Group life	162,312	-	162,312	138,154	-	138,154
	458,225	14,679	472,904	312,910	19,773	332,683

**12 Net Investment income**

**12 (a) Investment income:**

**Interest income using the effective interest method:**

Financial assets at amortised cost -interest income (Note 18 (c) (i) )

Financial assets at FVOCI- Interest income (Note 18 (c) (ii))

Cash and cash equivalents - Interest income

**Other investment income**

Dividend income

Gain on financial assets disposal

Statutory deposit - Interest income

**12 (b) Commissions and charges**

Treasury bills

**13(a) Other income**

Unrealized net foreign exchange gain (see note 13(a)(ii) below)\*

Interest on staff loans (Notional interest) (note 18(c))

Reimbursement of excess stamp duty paid to FIRS

Bad debt recovery

Other sundry income (note 13(a)(i))

Management fees

Profit on sale of property and equipment (See note 43.2)

Fair value loss on matured financial instrument measured at FVOCI (P&L)(note 18b)

\*This relates to volatility in exchange rates when transactions are booked at a rate which is different from applicable rate that is applied when settlement is made due to different transaction bookings and settlements date.

**13(a)(i)** Other sundry income relates to cash/money received by the Company that could not be recognised as premium due to the expiration of the cover/policy year.

**Notes to the financial statements**  
For the year ended 31 December 2021- Continued

**13(a) Other income - continued**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
13(a)(ii) Breakdown of unrealized net foreign exchange gain		
Cash and cash equivalents	95,876	47,467
Financial assets - amortised cost	34,491	268,982
	130,367	316,449

**13(b)(i) Fair value gain on investment property**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Fair value gain on investment property (see note 23)	3,359	7,906
	3,359	7,906

**13(b)(ii) Loss on disposal of investment property**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Loss on disposal of investment property_2021:Lugbe Shop,2020:Awoyaya (see note 23)	128	188,732
	128	188,732

Loss on disposal of investment property relates to difference between the asset book value and proceeds from disposal including all incidental cost relating to the sales.

**14 Credit loss expense /(write back) on financial assets**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Credit loss(write back)/ expense on cash and cash equivalents (see note 17(b))	(1,578)	9,995
Credit loss(write back)/expense on financial assets at amortised cost (see note 18(a))	(253)	13,484
Credit loss(write back) on debt instrument at FVOCI (see note 18(b)(ii))	(1,900)	(30,492)
Credit loss expense on trade receivables (see note 19(c)(i))	32,072	-
Credit loss(write back)/ expense on other receivables (see note 21(c))	(24,357)	26,976
	3,984	19,963

**15(a) Personnel expenses**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Salaries and wages	1,145,336	1,115,447
Medical	47,520	37,079
Staff training	41,173	10,606
Prepaid staff benefit expensed	51,301	53,077
Employer's Pension contribution	39,281	44,037
ITF & staff insurances	36,722	14,222
	1,361,333	1,274,468

Additional disclosures required under company law is given in note 40.

**15(b) Other operating expenses**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Depreciation (note 26)	216,956	224,082
Board and AGM expenses**	40,000	151,486
NAICOM and other regulatory fees	142,401	113,044
Direct expenses*	93,743	143,571
Advertisement and publicity	156,798	118,277
Directors' emoluments - Note 40 (b)	139,629	79,364
Repairs and maintenance	127,124	63,834
Professional fees****	60,767	62,952
Marketing expenses	124,890	49,789
Electricity and diesel expenses	58,876	31,394
Auditor's remuneration	25,000	30,575
Rent and rates***	31,209	26,356
Subscription	31,804	25,829
Printing and stationery	31,095	22,400
Postage and Telephone	11,745	18,368
Transport and travel expenses	21,391	14,197
Fueling	22,730	13,877
Cleaning	14,116	13,498
Donations and charity expenses	16,466	7,970
Security	5,231	5,472
Amortization (note 25)	4,410	4,410
Filing fees	1,368	1,220
	1,377,749	1,221,965

\*Direct expenses relate to expenses incurred in providing insurance services. This include actuarial fees ,bank charges,stamp duties,group expenses etc. The external auditors did not perform any non-audit services during the year ended 31 December 2021.

\*\*The significant increase is due to retirement/exit benefit paid to retired directors during the year

\*\*\*This relates to expenses incurred on rent of property whose rent terms is less than 12 calender months and whose underlying item has low value.

\*\*\*\* This relates to fees paid to other professionals who rendered services to the entity during the year such legal services,property valuation,consultancy etc.

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**16 Earnings per share**

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year. There are no potential dilutive shares.

	31-Dec-2021	31-Dec-2020
Profit attributable to equity holders (N'000)	281,918	916,008
Weighted average number of ordinary shares in issue ('000)	18,000,000	10,859,200
Basic and diluted earnings per share (kobo)	2	8

**17 Cash and cash equivalents**

Cash and cash equivalents comprise:

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Cash in hand	257	141
Due from banks and other financial institutions (see note 17(b) below) (net)	2,660,877	2,073,336
	2,661,134	2,073,477

**17 (a) For cash flow purpose, cash and cash equivalents comprise:**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Cash in hand	257	141
Current accounts	555,662	543,549
Short term placements	2,115,541	1,541,691
Cash and cash equivalents per statement of cash flows.	2,671,460	2,085,381
Impairment on cash and cash equivalents (see note 17(b))	(10,326)	(11,904)
Cash and cash equivalents per statement of financial position	2,661,134	2,073,477

Short-term deposits are made up of various bank deposits and placement of different period ranging from one day and three months, depending on the immediate cash requirements of the Company.

**17 (b) Due from banks and other financial institutions**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Current accounts	555,662	543,549
Short term placements	2,115,541	1,541,691
	2,671,203	2,085,240
Impairment on cash and cash equivalents (see note 17(b))	(10,326)	(11,904)
	2,660,877	2,073,336

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Movement in impairment		
At 1 January	11,904	1,909
Impairment(reversal)/charge during the year (note 14)	(1,578)	9,995
At 31 December	10,326	11,904

**18 Financial assets**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Amortized cost (note 18(a))	13,832,307	11,868,423
Fair value through other comprehensive income (note 18(b) )	264,051	625,622
	14,096,358	12,494,045

**18 (a) Financial assets at amortised cost**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Long term deposit with financial institutions	127,855	-
Bonds	13,543,696	11,663,864
Staff loans	165,293	212,362
Loans to policy holders	10,196	7,183
	13,847,040	11,883,409
ECL on financial asset at amortised cost	(14,733)	(14,986)
	13,832,307	11,868,423

	31-Dec-2021	31-Dec-2020
	N'000	N'000
At 1 January	14,986	1,502
Impairment (reversal)/charge during the year (note 14)	(253)	13,484
At 31 December	14,733	14,986

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**18 (b) Financial assets classified at fair value through other comprehensive income**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Unlisted equities	54,169	69,169
Treasury bills	-	370,800
Listed equities	111,249	154,132
Fair value balance on Financial asset classified at FVOCI	98,634	31,521
	<b>264,051</b>	<b>625,622</b>

**Movement in fair value**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
At 1 January	31,521	87,174
Fair value gain on matured Financial instrument measured at FVOCI (P&L)	4,578	23,797
Net fair value changes during the year	62,535	(79,450)
At 31 December	<b>98,634</b>	<b>31,521</b>

**(18(b)i) Net fair value changes during the year**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Net fair value gain or loss on debt instruments at FVOCI	(28,556)	(98,945)
Net fair value gain on equity instrument at FVOCI	91,091	19,495
	<b>62,535</b>	<b>(79,450)</b>

**(18(b)ii) Movement in impairment\_debt instrument at FVOCI**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
At 1 January	1,900	32,392
Impairment reversal during the year (note 14)	(1,900)	(30,492)
At 31 December	<b>-</b>	<b>1,900</b>

**18 (c) The movement in financial assets may be summarized as follows:**

	Amortized Cost	FVOCI	Total
	₦'000	₦'000	₦'000
<b>Balance as at 1 January 2020</b>	<b>3,436,865</b>	<b>6,205,182</b>	<b>9,642,047</b>
Purchase/additions	12,527,369	371,000	12,898,369
Exchange gain (Note 13 (a))	316,449	-	316,449
Repayment and disposals (sale and redemption)	(5,089,258)	(6,243,318)	(11,332,576)
Interest income earned for the year (Note 12(a))	625,043	348,411	973,454
Interest income (Notional) on staff loan (note 13(a))	65,438	-	65,438
Fair value gain	-	(79,450)	(79,450)
Reversal of fair value on disposed financial assets	-	23,797	23,797
Reversal of impaired during the year	(13,484)	-	(13,484)
<b>At 31 December 2020</b>	<b>11,868,423</b>	<b>625,622</b>	<b>12,494,045</b>
Purchase/additions	2,225,561	-	2,225,561
Exchange gain (Note 13 (a))	34,491	-	34,491
Repayment and disposals (sale and redemption)	(1,399,248)	(428,691)	(1,827,940)
Interest income earned for the year (Note 12(a))	1,039,828	8	1,039,836
Interest income (Notional) on staff loan (note 13(a))	63,000	-	63,000
Fair value gain	-	62,535	62,535
Reversal of fair value on matured financial assets	-	4,578	4,578
Allowance for Impairment losses	253	-	253
<b>At 31 December 2021</b>	<b>13,832,306</b>	<b>264,052</b>	<b>14,096,358</b>

**18 (c)(i) Movement in financial assets at amortised cost may be summarised as follows;**

Assets measured at amortised cost	Bonds	Long term deposit	Staff loans	Loans to policy holders	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Balance as 1 January 2020</b>	<b>2,088,984</b>	<b>1,172,530</b>	<b>168,366</b>	<b>6,984</b>	<b>3,436,864</b>
Purchase/additions	12,493,949	-	30,000	3,420	12,527,369
Exchange gain	-	316,449	-	-	316,449
Repayment and disposals (sale and redemption)	(3,545,612)	(1,488,979)	(51,443)	(3,222)	(5,089,256)
Interest income earned for the year	625,043	-	-	-	625,043
Interest income (Notional) on staff loan	-	-	65,438	-	65,438
Reversal of impaired during the year	(13,484)	-	-	-	(13,484)
<b>Balance as at 31 December 2020</b>	<b>11,648,880</b>	<b>-</b>	<b>212,361</b>	<b>7,182</b>	<b>11,868,423</b>
Purchase/additions	2,094,105	127,855	-	3,601	2,225,561
Exchange gain	34,491	-	-	-	34,491
Repayment and disposals (sale and redemption)	(1,288,591)	-	(110,070)	(587)	(1,399,248)
Interest income earned for the year	1,039,828	-	-	-	1,039,828
Interest income (Notional) on staff loan	-	-	63,000	-	63,000
	13,528,713	127,855	165,291	10,196	13,832,054
Allowance for Impairment losses	253	-	-	-	253
<b>Balance as at 31 December 2021</b>	<b>13,528,965</b>	<b>127,855</b>	<b>165,291</b>	<b>10,196</b>	<b>13,832,307</b>

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**18 (c)(ii) Movement in financial assets at FVOCI may be summarised as follows;**

<b>FVOCI</b>	<b>Unlisted equities</b>	<b>Treasury bills</b>	<b>Listed equities</b>	<b>Total</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<b>Balance as 1 January 2020</b>	74,093	5,981,882	149,208	6,205,183
Purchase/additions*	-	371,000	-	371,000
Repayment and disposals (sale and redemption)	-	(6,243,319)	-	(6,243,319)
Reclassification	(4,924)	-	4,924	-
Interest income earned for the year	-	348,411	-	348,411
Fair value gain	6,469	(98,945)	13,026	(79,450)
Reversal of fair value on matured financial assets	-	23,797	-	23,797
<b>Balance as at 31 December 2020</b>	<b>75,638</b>	<b>382,826</b>	<b>167,158</b>	<b>625,622</b>
Purchase/additions	-	-	-	-
Repayment and disposals (sale and redemption)	-	(428,691)	-	(428,691)
Reclassification	-	-	-	-
Interest income earned for the year	-	8	-	8
Fair value gain	11,459	41,279	9,797	62,535
Reversal of fair value on matured financial assets	-	4,578	-	4,578
<b>Balance as at 31 December 2021</b>	<b>87,097</b>	<b>-</b>	<b>176,955</b>	<b>264,052</b>

\*Deposit for shares balance of N226,343,993 (see note 33) was invested in Bonds and included in the purchase/addition of Bonds totalling N1,988,229,000

**19 Trade receivables**

	<b>31-Dec-2021</b>	<b>31-Dec-2020</b>
	<b>₦'000</b>	<b>₦'000</b>
Premium receivables (note 19(a))	110,343	118,488
Recoverables from coinsurers on claims from Non-life businesses (see note 19(b))	150,608	45,015
Recoverables from coinsurers on claims from Life businesses (note 19(c))	27,030	66,956
	<b>287,981</b>	<b>230,459</b>
Due within 12 months	287,981	230,459
Due after 12 months	-	-
<i>Analysis of receivable due within 12 months:</i>		
Within 30 days	250,744	193,222
Above 30 days	37,237	37,237

Recovery from claims paid from coinsurers are amount due from other insurance companies in respect of claims paid to clients on behalf of co-insurers, particularly where the Company led in some policies. It is the Company's policy to ensure prompt payment of claims to clients.

**19 (a) Premium receivables**

	<b>31-Dec-2021</b>	<b>31-Dec-2020</b>
	<b>₦'000</b>	<b>₦'000</b>
Premium receivable from agents, brokers and intermediaries		
Due from brokers	110,343	118,488
Total premium receivable	<b>110,343</b>	<b>118,488</b>
<b>Age Analysis of premium receivables</b>	<b>31-Dec-2021</b>	<b>31-Dec-2020</b>
Due within 30 days	110,343	118,488
Due Above 30 days	-	-
	<b>110,343</b>	<b>118,488</b>

All premium receivables are designated as Trade receivables and their carrying values approximate fair value at the reporting date. A total amount of ₦110.34m (2020: ₦118.5m) was received after year end."

**19 (b) Recoverables from coinsurers on claims from Non-life businesses**

	<b>31-Dec-2021</b>	<b>31-Dec-2020</b>
	<b>₦'000</b>	<b>₦'000</b>
Due from coinsurers	150,608	45,015
	<b>150,608</b>	<b>45,015</b>
<b>Age Analysis of Recoverables from coinsurers on claims from Non-life businesses</b>	<b>31-Dec-2021</b>	<b>31-Dec-2020</b>
Due within 0-90 days	90,365	27,009
Due Above 91-180 days	60,243	18,006
Due above 180 days	-	-
	<b>150,608</b>	<b>18,006</b>

**19 (c) Recoverables from coinsurers on claims from Life businesses**

	<b>31-Dec-2021</b>	<b>31-Dec-2020</b>
	<b>₦'000</b>	<b>₦'000</b>
Due from coinsurers	95,159	103,013
Allowance for impairment (see note 19 (c)(i) below)	(68,129)	(36,057)
	<b>27,030</b>	<b>66,956</b>
<b>Age Analysis of Recoverables from coinsurers on claims from Non-life businesses</b>	<b>31-Dec-2021</b>	<b>31-Dec-2020</b>
Due within 0-90 days	14,200	15,600
Due Above 91-180 days	12,830	51,356
Due above 180 days	68,129	36,057
	<b>95,159</b>	<b>103,013</b>

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

19 (c)(i) Movements on the allowance for impairment of recoverables from coinsurers on claims from life businesses are as follows:

	31-Dec-2021	31-Dec-2020
	N'000	N'000
<b>At 1 January</b>	36,057	36,057
Credit loss expense	32,072	-
Net movement during the year	32,072	-
<b>At 31 December</b>	68,129	36,057

**20 Reinsurance assets**

	Life	Non-Life	31-Dec-2021	31-Dec-2020
	N'000	N'000	N'000	N'000
Prepaid reinsurance premium (including group life + health) (note 20 (a))	538,217	813,084	1,351,301	693,630
Prepaid minimum and deposit reinsurance (note 20 (b))	-	50,951	50,951	53,657
Reinsurance share of outstanding claims (note 20 (c))	299,975	655,265	955,240	680,789
Reinsurance share of IBNR (note 20 (d))	160,779	599,277	760,056	521,567
Reinsurance share of IBNR on individual life (note 20(e))	8,189	-	8,189	4,548
Reinsurance Recoverable on Paid claims (Health Insurance)(note 20(f))	90,919	-	90,919	-
	1,098,079	2,118,577	3,216,656	1,954,191
Due within 12 months	1,098,079	2,118,577	3,216,656	1,954,191

**20 (a) Changes in prepaid reinsurance premium**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
<b>At 1 January</b>	693,630	622,418
Additions during the year	6,490,261	4,165,596
Amortization during the year (note 6.1)	(5,832,590)	(4,094,384)
<b>At 31 December</b>	1,351,301	693,630
Net changes (see note 6.1)	657,671	71,212

**20 (b) Prepaid minimum and deposit reinsurance**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
<b>At beginning of year</b>	53,657	41,006
Additions during the year	50,951	53,657
Amortization during the year	(53,657)	(41,006)
<b>At 31 December</b>	50,951	53,657

**20 (c) Movement in reinsurance recoverable on outstanding claims**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
<b>At beginning of year</b>	680,789	590,794
Movement during the year	274,451	89,995
<b>At end of year</b>	955,240	680,789

**20 (d) Movement in reinsurance portion of IBNR**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
<b>At beginning of year</b>	521,567	461,233
Movement during the year (see note 9)	238,489	60,334
<b>At end of the year</b>	760,056	521,567

**20 (e) Movement in reinsurance portion of IBNR\_Individual life**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
<b>At beginning of year</b>	4,548	39,543
Movement during the year (see note 9)	3,641	(34,995)
<b>At end of year</b>	8,189	4,548

**20 (f) Movement in reinsurance recoverable on paid claims (Health Insurance)**

	31-Dec-2021	31-Dec-2020
	N'000	N'000
<b>At beginning of year</b>	-	93,082
Movement during the year (see note 9)	90,919	(93,082)
<b>At end of year</b>	90,919	-

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**21 Other receivable and prepayments**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Prepaid expenses (see note 21(a) below)	136,820	233,936
Other receivables (see note 21(b)below)	46,415	47,710
Total receivable and prepayments	183,235	281,646

**21 (a) Breakdown of prepaid expenses:**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Prepaid staff receivables (21(a)(i))	81,748	141,665
Computer maintenance	2,598	11,935
Rent and rates	7,449	11,347
Legal, professional and consultancy fees*	31,975	53,950
Insurance and subscriptions	13,050	15,039
	136,820	233,936

\*This relates to CAC filing fee, stamp duties, solicitors' fee and other allied cost with respect to recapitalization exercise that is currently being carried out by the company as required by NAICOM for all the players in the insurance industry. This will be fully expensed at the conclusion of the exercise.

**21(a)(i) Prepaid staff benefit consist of the following:**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Cash advance	3,362	3,455
Staff prepaid medical advances	-	16,546
Other staff allowances	8,023	-
Prepaid staff loan benefit*	70,363	121,664
	81,748	141,665

\*Staff are entitled to loans which are repayable through monthly payroll deductions (see note 18(a)). The loans are given at a rate that is below the general market interest rate. The difference between the market interest rate and the rate at which these loans are advanced to staff are recognised as staff prepaid benefit. This is amortised over the tenor of the loan.

Movement in prepaid staff loan benefit during the period may be represented as follows:

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Opening balance	121,664	174,741
Amortization of prepaid staff benefit (Note 15(a))	(51,301)	(53,077)
	70,363	121,664

**21(b) Breakdown of other receivables**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Withholding tax receivable	65,011	62,982
Receivable from disposal of investment property (Note 21(b)(iii))	-	29
Dividend receivable on equities	3,732	3,732
Receivable from Resort Savings & Loans Limited (Note 21(b)(i))	84,315	84,315
Loan to exited staff (note 21(b)(ii))	126,117	142,644
Motor vehicle loans to exited staff reclassified from property and equipment (Note 21(b)(ii))	31,500	31,500
Other receivables	25,185	36,310
	335,860	361,512
Allowance for impairment (note 21(c))	(289,445)	(313,802)
	46,415	47,710

**21(b)(i)** Amount represents placements with Resort Savings Limited, which also became long-term and therefore no longer meet the criteria to be classified as cash and cash equivalent. Due to the inability of the institution to repay the principal and interest accrued at the expiration of the contractual tenor. The amount was fully impaired in 2017 as management considered its recoverability be doubtful.

**21(b)(ii)** Loans to exited staff represent the outstanding balance of the loans advanced to Company personnel who resigned as employee of the Company before and during the year. The exited staff involved did not have exit packages that could net off these loans at the time of their exit, hence the Company obtained payment plans from staff at their exit, which they have not been able to fulfil in the current year and in line with Company's policy to assess impairment on unpaid balances, outstanding amounts have been impaired accordingly.

**21(b)(iii)** This represent outstanding amount yet to be received from the buyer with respect to sales of Plot 5b at Beach Resort Estate. This was sold for the sum of N29,182,000 out of which N10,000,000 has been received in year 2019 and 19.15million was further received in year 2020.

**21(c) Movement on the allowance for impairment of Other receivables are as follows:**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
<b>At 1 January</b>	313,802	286,826
Additional impairment during the year (note 14)	(24,357)	26,976
<b>At 31 December</b>	289,445	313,802

The Gross amount of financial assets included in other receivables is N271Million (2020: N298.5Million) while related impairment is N271Million (2020: N295.2Million) as shown below; This excludes statutory deductions such as withholding tax receivables.

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 31 December 2021

	ECL Impairment				Net Amount
	Gross amount	Opening balance	Charge/(reversal)	Closing balance	
Dividend receivable on equities	3,732	3,732	-	3,732	-
Receivable from Resort Savings & Loans Limited (Note 2)	84,315	84,315	-	84,315	-
Loan to exited staff (note 21(b)(ii))	126,117	142,644	(16,527)	126,117	-
Motor vehicle loans to exited staff	31,500	31,500	-	31,500	-
Other receivables	25,185	33,016	(7,831)	25,185	-
	270,849	295,207	(24,358)	270,849	-

### 31 December 2020

	ECL Impairment				Net Amount
	Gross amount	Opening balance	Charge	Closing balance	
Receivable from disposal of investment	29	-	-	-	29
Dividend receivable on equities	3,732	3,732	-	3,732	-
Receivable from Resort Savings & Loans Limited (Note 2)	84,315	84,315	-	84,315	-
Loan to exited staff (note 21(b)(ii))	142,644	142,644	-	142,644	-
Motor vehicle loans to exited staff	31,500	31,500	-	31,500	-
Other receivables	36,310	5,634	27,382	33,016	3,294
	298,530	267,825	27,382	295,207	3,323

## 22 Deferred acquisition costs

Deferred acquisition costs represent commissions relating to the unexpired period of risks and comprise:

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Motor	45,164	45,749
Fire	51,267	50,694
Bond	3,020	706
General accident	56,595	42,564
Marine and aviation	54,348	62,717
Engineering	42,168	51,582
Oil and gas	72,313	50,983
Agriculture	3,572	-
	328,447	304,995

### 22 (a) Movement in deferred acquisition cost:

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Balance as at 1 January	304,995	287,912
Acquisition cost during the year	1,933,365	1,660,979
Amortization during year	(1,909,913)	(1,643,896)
Balance as at 31 December	328,447	304,995
Due within 12 months	328,447	304,995

### 22 (b) Breakdown of deferred acquisition cost by risk class

	At 1 January 2020	Movement	At 31 December 2020	Movement	At 31 December 2021
	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	45,857	(108)	45,749	(585)	45,164
Fire	49,606	1,088	50,694	573	51,267
Bond	3,125	(2,419)	706	2,314	3,020
General accident	48,373	(5,809)	42,564	14,031	56,595
Marine and aviation	35,388	27,329	62,717	(8,369)	54,348
Engineering	46,783	4,799	51,582	(9,414)	42,168
Oil and gas	58,764	(7,781)	50,983	21,330	72,313
Travel	16	(16)	-	3,572	3,572
	287,912	17,083	304,995	23,452	328,447

## 23 Investment property

### (a) Reconciliation of carrying amount

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
At 1 January	249,215	1,646,040
Disposal	(6,274)	(1,404,731)
Fair value gain	3,359	7,906
At 31 December	246,300	249,215

### (b) Reconciliation of Loss on Disposal

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Book value of Property disposed	6,274	1,404,731
Net Disposal Proceeds	(6,146)	(1,215,999)
	128	188,732

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Cost	178,355	183,241
Revaluation gains	67,945	65,974
At 31 December	246,300	249,215



## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 23. Investment property - continued

In thousands of Naira

Location	Nature of title held	At 1 January 2021	Addition	Disposal	Revaluation surplus	31-Dec-2021
Shopping complex, Lugbe, Abuja*	Debt Asset Swap	249,215	-	(6,274)	3,359	246,300
Total		249,215	-	(6,274)	3,359	246,300

\*This represents the property taken over in the asset debt swap between ASO Savings and Loans Plc and NSIA Insurance Limited, representing a full and final settlement of all outstanding receivable from ASO Saving. The amount receivable from ASO Savings (Note 21(b)) was written off and the equivalent amount recognised as the purchase value of the aforementioned complex. The value of the complex was subsequently revalued and a revaluation gain of N63m was recognised till date. During 2018 financial year, the Company received property of 76 shops at Lugbe market in exchange for a sum of N180,814,000 being owed to it by ASO Savings and Loans Plc. The fair value of the property at the date of transfer was N186,300,000. As at end of 2021 financial year, total of 3(three) shop with a carrying amount of N9,333,000 have been disposed and the fair value for the remaining 73 shops as at 2021 year end is N246,300,000.

The valuer used by the Company is A.C. Otegbulu & Partners (FRC/2013/NIESV/00000001582).

In thousands of Naira

Location	Nature of title held	At 1 January 2020	Addition	Disposal	Revaluation surplus	At 31 December 2020
Awoyaya, Lekki Expressway, Lagos	Deed of Assignment	1,404,731	-	(1,404,731)	-	-
	Debt Asset Swap	241,309	-		7,906	249,215
Total		1,646,040	-	(1,404,731)	7,906	249,215

The Company has executed deed of assignment on all the investment properties. The Company has applied to register the deed of assignment with the Lagos State Lands Registry and the Federal Capital Territory Land registry respectively

#### (b) Measurement of fair value

##### (i) Fair value hierarchy

The fair value of investment property has been determined by a reputable estate surveyors and valuers using the sales comparative method of valuation to arrive at the open market value. There is no rental income from investment property during the year and no restrictions on the realisability of the property. The property is held for capital appreciation. The fair value measurement for investment property of N249 million has been categorized as a Level 3 fair value, based on the inputs into the valuation technique used.

##### (ii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The method of valuation adopted is the Sales Comparison Approach. Under this approach, fair value market price is determined from available evidence of sale price of comparable sites appropriately adjusted to reflect the differences in the subject property.	- Prices per plot - Rate of development in the area - Influx of people and/or businesses to the area - Cost run for improvement	The estimated fair value would increase/decrease if the rate of development in the area increases/decreases and if the influx of people and/or business to the area increases /decreases

Reconciliation of level 3 fair value

	31-Dec-2021	31-Dec-2020
Fair value as at 1 January	65,974	556,171
Addition during the year	3,359	7,906
Disposal	(1,389)	(498,103)
Fair value as at 31 December 2020	67,944	65,974

##### (iii) Sensitivity analysis

	31-Dec-2021	31-Dec-2020
Balance as at 31 December	N'000	N'000
Fair Value gain	67,945	65,974
+10% movement in open market price	6,795	6,597
- 10% movement in open market price	(6,795)	(6,597)

Notes to the financial statements

For the year ended 31 December 2021- Continued

24 Deferred tax liabilities

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
<b>At 1 January</b>	588,063	583,069
Charge to profit and loss account for the year	372	790
Items in other comprehensive income	4,656	4,204
<b>At 31 December</b>	<b>593,091</b>	<b>588,063</b>

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 10% (2020: 10%) on investment properties and on the revaluation surplus of land & building and 30% (2020: 32%) on other items.

Deferred income tax assets and liabilities are attributable to the following items:

31 December 2021	Net balance at 1 January ₦'000	Recognized in profit or loss ₦'000	Recognized in OCI ₦'000	Net position ₦'000	Deferred tax assets ₦'000	Deferred tax liabilities ₦'000
Property and equipment	531,656	-	4,656	536,311	-	536,311
Investment properties	56,407	372	-	56,779	-	56,779
<b>Total</b>	<b>588,063</b>	<b>372</b>	<b>4,656</b>	<b>593,091</b>	<b>-</b>	<b>593,091</b>

31 December 2020	Net balance at 1 January ₦'000	Recognised in profit or loss ₦'000	Recognized in OCI ₦'000	Net position ₦'000	Deferred tax assets ₦'000	Deferred tax liabilities ₦'000
Property and equipment	527,452	-	4,204	531,656	-	531,656
Investment properties	55,617	790	-	56,407	-	56,407
<b>Total</b>	<b>583,069</b>	<b>790</b>	<b>4,204</b>	<b>588,063</b>	<b>-</b>	<b>588,063</b>

25 Intangible assets

As at 31 December 2021

Cost	Computer Software ₦'000
At 1 January	229,256
Additions	-
Reclassification	-
<b>At 31 December</b>	<b>229,256</b>
<b>Accumulated amortization</b>	
At 1 January	216,026
Amortization charge for the year	4,410
<b>At 31 December</b>	<b>220,436</b>
<b>Carrying amount</b>	
<b>At 31 December</b>	<b>8,820</b>

As at 31 December 2020

Cost	Computer Software ₦'000
At 1 January	229,256
Additions	-
Reclassification	-
<b>As at 31 December 2020</b>	<b>229,256</b>
<b>Accumulated amortization</b>	
At 1 January	211,616
Amortization charge for the year	4,410
<b>As at 31 December 2020</b>	<b>216,026</b>
<b>Carrying amount</b>	
<b>As at 31 December 2020</b>	<b>13,230</b>

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**26 Property and equipment**

**At 31 December 2021**

	Land	Buildings	Leasehold improvements	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Work in progress	Total
<b>Cost/Revalued amount</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
At 1 January 2021	1,330,353	2,125,948	75,460	284,077	186,507	309,863	730,891	29,040	5,072,139
Additions	-	806	-	7,740	13,665	2,593	105,254	-	130,058
Disposals/write-off	-	-	-	(4,525)	-	(1,056)	(64,348)	-	(69,929)
Revaluation surplus	2,878	43,681	-	-	-	-	-	-	46,559
At 31 December 2021	1,333,231	2,170,435	75,460	287,292	200,172	311,400	771,797	29,040	5,178,827
<b>Accumulated depreciation</b>									
At 1 January 2021	-	170,830	49,074	227,609	161,603	255,866	589,162	-	1,454,144
Charge for the year	-	42,524	3,320	26,557	10,501	36,009	98,045	-	216,956
Disposals/write-off	-	-	-	(4,147)	(0)	(1,056)	(60,749)	-	(65,952)
At 31 December 2021	-	213,354	52,394	250,019	172,104	290,819	626,458	-	1,605,148
<b>Carrying Amount - 2021</b>	<b>1,333,231</b>	<b>1,957,081</b>	<b>23,066</b>	<b>37,273</b>	<b>28,068</b>	<b>20,581</b>	<b>145,339</b>	<b>29,040</b>	<b>3,573,679</b>

- (i) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year.
- (ii) Items of land and building are carried at revalued amount. A valuation was conducted by an external independent valuer, A.C. Otegbulu & Partners, FRC/2013/NIESV/00000001582. They have relevant recognized professional qualifications and experience in the property being valued. The land and building, were valued using the open market value basis as at 31 December, 2021, hence the depreciation charge was not reversed. The valuation method is on comparable and investment method. The revaluation gain of ₦46.6 million arising from the valuation of the Company's building has been recognized in other comprehensive income.
- (iii) There were no liens or encumbrances on the assets.

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**26. Property and equipment - continued**

**At December 2020**

	Land	Buildings	Leasehold improvements	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Cost/Revalued amount</b>									
At 1 January 2020	1,330,030	2,080,830	74,543	265,408	181,348	304,776	693,491	20,480	4,950,906
Additions	-	3,415	917	18,669	5,159	5,087	37,400	8,560	79,207
Revaluation surplus	323	41,703	-	-	-	-	-	-	42,026
At 31 December 2020	1,330,353	2,125,948	75,460	284,077	186,507	309,863	730,891	29,040	5,072,139
<b>Accumulated depreciation</b>									
At 1 January 2020	-	129,167	45,764	195,521	151,724	208,795	499,056	-	1,230,027
Charge for the year	-	41,661	3,310	32,088	9,879	47,071	90,073	-	224,082
At 31 December 2020	-	170,828	49,074	227,609	161,603	255,866	589,129	-	1,454,109
<b>Carrying Amount - 2020</b>	<b>1,330,353</b>	<b>1,955,120</b>	<b>26,386</b>	<b>56,468</b>	<b>24,904</b>	<b>53,997</b>	<b>141,762</b>	<b>29,040</b>	<b>3,618,030</b>

- (i) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year.
- (ii) Items of land and building are carried at revalued amount. A valuation was conducted by an external independent valuer, A.C. Otegbulu & Partners, FRC/2013/NIESV/00000001582. They have relevant recognized professional qualifications and experience in the property being valued. The land and building, were valued using the open market value basis as at 31 December, 2020. The valuation method is on comparable and investment method. The revaluation gain of ₦42 million arising from the valuation of the Company's building has been recognized in other comprehensive income.
- (iii) There were no liens or encumbrances on the assets.

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**26. Property and equipment - continued**

The historical cost of land and building are as follows:

26 (a)	31 December 2021		31 December 2020	
	Land ₦'000	Building ₦'000	Land ₦'000	Building ₦'000
Cost	544,349	815,061	544,349	814,255
Accumulated depreciation	-	(42,524)	-	(41,661)
Carrying amount	544,349	772,537	544,349	772,594

Breakdown of land and buildings:

26 (b)	31 December 2021		
	Land	Building	Total
No. 3 Elsie Femi-Pearse Street, Victoria Island, Lagos	1,190,136	1,809,892	3,000,028
No. 18 Djibouti Crescent, Wuse II, FCT, Abuja	143,094	147,190	290,284
Total	1,333,230	1,957,082	3,290,312

	31 December 2020		
	Land	Building	Total
No. 3 Elsie Femi-Pearse Street, Victoria Island, Lagos	1,190,117	1,809,774	2,999,891
No. 18 Djibouti Crescent, Wuse II, FCT, Abuja	140,237	145,345	285,582
Total	1,330,354	1,955,119	3,285,473

Reconciliation of movement in land and buildings:

26 (c)		Status of Title	1 January 2021	Addition	Depreciation	Reclassification on and Transfer	Revaluation Gain	31 December 2021
	No. 3 Elsie Femi-Pearse Street, Victoria Island, Lagos	Deed of Assignment	2,999,889	806	(38,843)	-	38,175	3,000,027
	No. 18 Djibouti Crescent, Wuse II, FCT, Abuja	Deed of Assignment	285,584	-	(3,681)	-	8,382	290,285
<b>Total</b>			<b>3,285,473</b>	<b>806</b>	<b>(42,524)</b>	<b>-</b>	<b>46,557</b>	<b>3,290,312</b>

		Status of Title	1 January 2020	Addition	Depreciation	Reclassification on and Transfer	Revaluation Gain	31 December 2020
	No. 3 Elsie Femi-Pearse Street, Victoria Island, Lagos	Deed of Assignment	2,999,162	3,415	(37,980)	-	35,292	2,999,889
	No. 18 Djibouti Crescent, Wuse II, FCT, Abuja	Deed of Assignment	282,531	-	(3,681)	-	6,734	285,584
<b>Total</b>			<b>3,281,693</b>	<b>3,415</b>	<b>(41,661)</b>	<b>-</b>	<b>42,026</b>	<b>3,285,473</b>

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 27 Statutory deposits

This represents the Company's deposit with the Central Bank of Nigeria in compliance with the Insurance Act of Nigeria's requirement for the composite insurance companies. The deposit is not available for the day to day operations of the Company and has been disclosed separately. Interest is earned on this deposit.

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Opening	900,400	500,000
Additions*	-	400,400
Due after 12 months	900,400	900,400

\*The addition is due to the increase in share capital as 10% of this is required to be deposited with CBN

### 28 Investment contract liabilities

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
At 1 January	192,615	101,549
Deposits received	200,352	178,573
Guaranteed interest (see note 7 )	17,154	6,395
	410,121	286,517
Less: withdrawals	(183,425)	(93,902)
At 31 December	226,696	192,615
Due within 12 months	174,556	140,609
Due after 12 months	52,140	52,006
	226,696	192,615

The Company has a total sum of N226.7million (2020 - N192.6million) in deposit administered funds.

### 28 (a) Asset representing investment contract liabilities fund:

#### Breakdown:

Financial assets @ amortized cost	226,696	192,615
	226,696	192,615

### 29 Insurance contract liabilities

#### Insurance contract liabilities analyzed by Short term and Long term types

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Short term business (see note 29 (a) below)	7,251,502	5,598,988
Long term business (see note 29 (b) below)	917,817	688,280
Total insurance liabilities	8,169,319	6,287,268
Due within 12 months	7,251,502	5,598,988
Due after 12 months	917,817	688,280
	8,169,319	6,287,268

The Company's insurance contract liabilities above was actuarially determined by Zamara Actuarial Services (FRC/2017/NAS/00000016912) as at 31 December 2021.

Insurance contract liabilities analyzed into Non-life and Life business:

### 29(i) Insurance contract liabilities analyzed by category

<i>in thousands of Nigerian Naira</i>	Life	Non life	31-Dec-2021	31-Dec-2020
Outstanding claims (see note 29(ii))	2,300,713	2,521,334	4,822,047	3,968,479
Unearned premiums ((see note 29(vi))	1,243,535	2,103,737	3,347,272	2,318,789
	3,544,248	4,625,071	8,169,319	6,287,268
Current	-	7,251,502	7,251,502	5,598,988
Non-current	917,817	-	917,817	688,280
	917,817	7,251,502	8,169,319	6,287,268

### 29 (ii) Outstanding claims

<i>in thousands of Nigerian Naira</i>	Life	Non life	31-Dec-2021	31-Dec-2020
Group life and health insurance	1,382,895	-	1,382,895	1,133,303
Individual life	917,818	-	917,818	688,281
Non-life insurance	-	2,521,334	2,521,334	2,146,896
	2,300,713	2,521,334	4,822,047	3,968,480

### 29 (iii) Group life and health insurance

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Outstanding claims		
Claims reported by policyholders	839,292	680,616
Claims incurred but not reported (IBNR)	543,603	452,687
	1,382,895	1,133,303

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**29. Insurance contract liabilities - continued**

**The aging analysis of Group life and health outstanding claims**

*in thousands of Nigerian Naira*

	31-Dec-2021	31-Dec-2020
0 - 90	932,958	789,684
91 - 180	175,391	133,947
181 - 270	109,280	83,458
271 - 360	18,842	14,390
361 and above	146,423	111,824
	<b>1,382,895</b>	<b>1,133,303</b>

The ageing of the outstanding claims is measured from the date of the issuance of discharge vouchers to the reporting date for 2021 and 2020.

**No. of claimants for each age range of Group life and health outstanding claims**

Number	31-Dec-2021	31-Dec-2020
0 - 90	143	130
91 - 180	57	52
181 - 270	21	19
271 - 360	21	19
361 and above	184	167
	<b>426</b>	<b>387</b>

**29 (iv) Individual life**

*in thousands of Nigerian Naira*

	31-Dec-2021	31-Dec-2020
<b>i Outstanding claims</b>		
Claims incurred but not reported (IBNR)	917,816	688,280
	<b>917,816</b>	<b>688,280</b>
<b>ii Movement in individual life outstanding claims</b>		
At 1 January	688,279	422,080
Changes in actuarial valuation-Individual life	(32,907)	31,375
Changes in actuarial valuation-Life Fund	262,444	234,824
<b>At 30 December</b>	<b>917,816</b>	<b>688,279</b>
<b>iii The aging analysis of individual life outstanding claims</b>		
No aging - IBNR	917,816	688,280
	<b>917,816</b>	<b>688,280</b>

**29 (v) Non-life insurance**

<b>i Outstanding claims</b>		
Claims reported by policyholders	1,473,030	1,363,161
Claims incurred but not reported (IBNR)	1,048,304	783,735
	<b>2,521,334</b>	<b>2,146,896</b>
<b>ii Movement in Non-life outstanding claims</b>		
At 1 January	2,146,896	2,051,820
Claims incurred in the current year	3,758,150	1,733,850
Claims paid during the year	(3,383,712)	(1,638,774)
<b>At 31 December</b>	<b>2,521,334</b>	<b>2,146,896</b>
<b>iii The aging analysis of Non-life outstanding claims</b>	<b>31-Dec-2021</b>	<b>31-Dec-2020</b>
0 - 90	158,944	151,371
91 - 180	330,267	294,044
181 - 270	140,462	133,767
271 - 360	94,192	89,707
361 and above	749,165	713,472
No aging - IBNR	1,048,304	764,535
	<b>2,521,334</b>	<b>2,146,896</b>

**29 (vi) Unearned premiums**

<i>in thousands of Nigerian Naira</i>	31-Dec-2021	31-Dec-2020
Group Life and Health	1,243,536	687,292
Non-life	2,103,737	1,631,497
	<b>3,347,273</b>	<b>2,318,789</b>
<b>i The movement in unearned premium</b>		
<b>At 1 January</b>	2,318,792	2,009,245
Premium written in the period/year	13,703,336	10,465,971
Premium earned during the period/year	(12,674,852)	(10,156,424)
<b>At 31 December</b>	<b>3,347,273</b>	<b>2,318,792</b>

Notes to the financial statements

For the year ended 31 December 2021- Continued

29. Insurance contract liabilities-continued

	31-Dec-2021				
	Insurance contract liabilities (non life)	Insurance contract liabilities (Life)	Investment contract liabilities (Life)	Total contract liabilities (Life)	Insurance contract liabilities (Total)
	₦'000	₦'000	₦'000	₦'000	₦'000
Unearned premium (note 29.1(a))	2,103,737	1,243,536	-	1,243,536	3,347,273
Outstanding claims short term (note 29.1(b))	1,473,030	839,292	-	839,292	2,312,322
Outstanding claims long term (note 29.1 (b))	-	12,813	-	12,813	12,813
IBNR (note 29.1(c))	1,048,304	543,603	-	543,603	1,591,907
Individual life fund (note 29.1(d))	-	905,004	226,696	1,131,700	905,004
	4,625,071	3,544,248	226,696	3,770,944	8,169,319

	31-Dec-2020				
	Insurance contract liabilities (non life)	Insurance contract liabilities (Life)	Investment contract liabilities (Life)	Total contract liabilities (Life)	Insurance contract liabilities (Total)
	₦'000	₦'000	₦'000	₦'000	₦'000
Unearned premium (note 29.1(a))	1,631,497	687,292	-	687,292	2,318,789
Outstanding claims short term (note 29.1(b))	1,363,161	680,616	-	680,616	2,043,777
Outstanding claims long term (note 29.1 (b))	-	45,720	-	45,720	45,720
IBNR (note 29.1(c))	783,735	452,687	-	452,687	1,236,422
Individual life fund (note 29.1(d))	-	642,560	192,615	835,175	642,560
	3,778,393	2,508,875	192,615	2,701,490	6,287,268

29.1 Movement in each component of insurance may be represented as follows;

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
29.1(a) Movement in Unearned premium during the year;		
At the beginning of the year	2,318,789	2,009,244
Increase during the year (Note 6.1)	1,028,484	309,545
At 31 December	3,347,273	2,318,789
29.1(b) Movement in Outstanding claims during the year;		
At the beginning of the year	2,089,497	1,601,402
Increase during the year	235,638	488,095
At 31 December	2,325,135	2,089,497
29.1(c) Movement in IBNR during the year;		
At the beginning of the year	1,236,422	1,034,802
Increase during the year (Note 29.(a)(iii))	355,485	201,620
At 31 December	1,591,907	1,236,422
29.1(d) Movement in Individual life during the year;		
At the beginning of the year	642,560	407,735
Increase during the year (Note 29(b)(iii))	262,444	234,825
At 31 December	905,004	642,560

	Non-Life	LIFE	31-Dec-2021	Non-Life	LIFE	31-Dec-2020
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Unearned premium	2,103,737	1,243,535	3,347,272	1,631,497	687,292	2,318,789
Outstanding claims	1,473,030	852,106	2,325,136	1,363,161	726,336	2,089,497
IBNR	1,048,304	543,603	1,591,907	783,735	452,687	1,236,422
Individual life fund	-	905,004	905,004	-	642,560	642,560
	4,625,071	3,544,248	8,169,319	3,778,393	2,508,875	6,287,268

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
29.1(e) Movement in Outstanding Claims and IBNR		
Increase during the year (Note 29.1b)	235,638	488,095
Increase during the year (Note 29.(a)(iii))	355,485	201,620
Net Movement (Note 8)	591,123	689,715

	₦'000	₦'000
29 (a) Short term insurance business liabilities comprise:		
Outstanding claims (see note 29(a)(i))	2,312,322	2,043,777
Claims incurred but not reported (see note 29(a)(iii))	1,591,907	1,236,422
Total short term business outstanding claims	3,904,229	3,280,199
Provision for unearned premium (see note 29(a)(iv))	3,347,273	2,318,789
Total short term business insurance contract liability	7,251,502	5,598,988



**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**Insurance contract liabilities-continued**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
29 (a)(i) Outstanding claims are analyzed as follows:		
<b>At 1 January</b>	2,043,777	1,587,056
Claims incurred in the year	6,232,113	3,581,159
Claims paid during the year (see note 8)	(5,963,568)	(3,124,438)
<b>At 31 December</b>	<b>2,312,322</b>	<b>2,043,777</b>

Outstanding claims was determined as the sum of the individual case-estimates of each of the reported but outstanding claims for each class of business.

The table below shows the breakdown of outstanding claims liabilities adequacy test valuation, the IBNR provision required and the reinsurance projection.

**Outstanding claims table**

	31 Dec 2021		31-Dec-2020	
	Number of claimants	Outstanding claims	Number of claimants	Outstanding claims
0 - 90 days	224	1,091,898	204	941,051
91 - 180 days	102	505,658	92	427,991
181 - 270 days	64	249,742	58	217,225
271 - 365 days	51	113,034	46	104,097
above 365 days	175	351,990	160	353,413
	<b>616</b>	<b>2,312,323</b>	<b>560</b>	<b>2,043,777</b>

Claims outstanding for more than 90 days relates to reported claims for which the claims process has not been concluded due to insufficient information and/or support document from the clients. The discharge vouchers for these claims have not been executed.

**Short term\_2021**

	0-90 Days	91-180 Days	181-270 Days	271-365 Days	Above 366 Days	Total
Awaiting loss adjuster report	4,479	143,564	11,213	125	12,237	171,618
Awaiting documentation	88,520	531,542	57,247	118,466	191,206	986,981
Incomplete Documentation	114,330	147,826	10,831	18,045	862,692	1,153,724
<b>Total</b>	<b>207,329</b>	<b>822,932</b>	<b>79,291</b>	<b>136,636</b>	<b>1,066,135</b>	<b>2,312,323</b>

**Long term\_2021**

	0-90 Days	91-180 Days	181-270 Days	271-365 Days	Above 366 Days	Total
Awaiting documentation	500	500	2,500	300	800	4,600
Incomplete Documentation	1,485	1,248	2,262	1,637	1,581	8,213
<b>Total</b>	<b>1,985</b>	<b>1,748</b>	<b>4,762</b>	<b>1,937</b>	<b>2,381</b>	<b>12,813</b>

<b>209,314</b>	<b>824,680</b>	<b>84,053</b>	<b>138,573</b>	<b>1,068,516</b>	<b>2,325,136</b>
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29 (a)(iii) Claims Incurred But Not Reported (IBNR) are analyzed as follows:

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
<b>At 1 January</b>	1,236,422	1,034,802
Movement during the year	355,485	201,620
<b>At 31 December</b>	<b>1,591,907</b>	<b>1,236,422</b>

Analysis of claims incurred but not reported per class of short-term business:

	1 January 2021	Movement during the year	31-Dec-21	1 January 2020	Movement during the year	31-Dec-20
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	76,498	(31,249)	45,249	68,052	8,446	76,498
Fire	83,601	154,566	238,167	90,017	(6,416)	83,601
Bond	2,389	5,451	7,840	4,878	(2,489)	2,389
General accident	118,320	34,362	152,682	197,401	(79,081)	118,320
Marine and aviation	44,272	2,552	46,824	30,111	14,161	44,272
Engineering	21,449	98,081	119,530	8,053	13,396	21,449
Oil and energy	437,206	806	438,012	332,164	105,042	437,206
Health insurance	55,490	25,489	80,979	35,317	20,173	55,490
Group life	397,197	65,427	462,624	268,809	128,388	397,197
	<b>1,236,422</b>	<b>355,485</b>	<b>1,591,907</b>	<b>1,034,802</b>	<b>201,620</b>	<b>1,236,422</b>

IBNR relates to only short term insurance business.

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**29. Insurance contract liabilities-continued**

**29(a)(iv)** Analysis of unearned premium per class of short-term business

	Unearned premium 31-Dec-2021	Movement	Unearned premium 31-Dec-2020	Movement	Unearned premium Dec-19
	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	428,247	(74,708)	353,539	13,321	366,860
Fire	298,564	(21,167)	277,397	(29,314)	248,083
Bond	96,563	(89,720)	6,843	8,813	15,656
General accident	300,232	(55,079)	245,153	(2,915)	242,238
Marine and aviation	328,967	(13,261)	315,706	(138,766)	176,940
Engineering	207,214	19,586	226,800	(5,988)	220,812
Oil and energy	385,538	(179,479)	206,059	107,415	313,474
Agricultural	58,412	(58,412)	-	-	-
Health insurance	483,174	(312,500)	170,674	(29,868)	140,806
Group life	760,362	(243,744)	516,618	(232,245)	284,373
	3,347,273	(1,028,484)	2,318,789	(309,547)	2,009,242

The Company does not make provision for premium deficiency. This is because all classes of business in which the Company is involved led to a profit i.e. the premium written is in excess of claims incurred.

**29 (b)** Long term business insurance liabilities

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Outstanding claims (see note 29 (b)(i))	12,813	45,720
Individual life business liability (see note 29 (b)(iii))	905,004	642,560
	917,817	688,280

**29 (b)(i)** The movement in outstanding claims during the year was as follows:

	Individual life 31-Dec-2021	Individual life 31-Dec-2020
	₦'000	₦'000
<b>At 1 January</b>	45,720	14,345
Additional claims incurred	136,829	247,092
Claims paid	(169,736)	(215,717)
Net movement (see note 8)	(32,907)	31,375
<b>At 31 December</b>	12,813	45,720

**29 (b)(ii)** Age analysis of outstanding claims

	31 Dec 2021		31 Dec 2020	
	Number of claimants	Outstanding claims	Number of claimants	Outstanding claims
0 - 90 days	3	1,985	3	3,985
91 - 180 days	1	1,748	1	9,748
181 - 270 days	4	4,762	4	7,762
271 - 365 days	5	1,937	5	10,300
above 365 days	9	2,381	9	13,925
	22	12,813	22	45,720

Claims outstanding for more than 90 days relates to reported claims for which the claims process has not been concluded due to insufficient information and/or support document from the clients. The discharge vouchers for these claims have not been executed.

**29 (b)(iii)** Individual life insurance liability comprises:

The movement in the individual life liability account during the year was as follows:

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
<b>At 1 January</b>	642,560	407,736
Increase during the year	262,444	234,824
<b>At 31 December</b>	905,004	642,560

# Notes to the financial statements

For the year ended 31 December 2021- Continued

## 29(c) Outstanding claims provision (continued)

The table below shows the breakdown of outstanding claims liabilities adequacy test valuation, the IBNR provision required and the reinsurance projection.

### Breakdown of outstanding claims provision per class of short term insurance business:

	31-Dec-2021			31-Dec-2020			31-Dec-2021	31-Dec-2020
	Outstanding			Outstanding			Reinsurance	Reinsurance
	Claims	IBNR	Total	Claims	IBNR	Total	on IBNR	on IBNR
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	174,090	45,249	219,339	204,764	76,498	281,262	3,167	5,355
Fire	545,327	238,167	783,494	409,468	83,601	493,069	142,016	53,987
Bond	-	7,840	7,840	-	2,389	2,389	3,136	956
General accident	286,496	152,682	439,178	139,412	118,320	257,732	75,532	57,802
Marine and aviation	191,295	46,824	238,119	125,647	44,272	169,919	22,056	24,925
Engineering	56,738	119,530	176,268	52,868	21,449	74,317	67,230	14,165
Oil and energy	219,084	438,012	657,096	431,002	437,206	868,208	286,140	285,609
Health insurance	397,976	80,979	478,955	224,008	55,490	279,498	39,165	39,165
Group life	441,316	462,624	903,940	456,608	397,197	853,805	44,149	44,149
Individual life	12,814	-	12,814	45,720	-	45,720	-	-
	<u>2,325,136</u>	<u>1,591,907</u>	<u>3,917,043</u>	<u>2,089,497</u>	<u>1,236,422</u>	<u>3,325,919</u>	<u>682,591</u>	<u>526,113</u>

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**29 (d ) Assets representing insurance fund:**

**31 December 2021**

	Short term insurance business	Long term insurance business	Total-31 December 2021
	₦'000	₦'000	₦'000
Real Estate	-	-	-
Financial assets- amortized cost	5,251,172	10,196	5,261,368
Reinsurance asset	2,118,577	1,007,160	3,125,737
	7,369,749	1,017,356	8,387,105

**31 December 2020**

**Breakdown:**

	Short term insurance business	Long term insurance business	Total-31 Dec.2020
	₦'000	₦'000	₦'000
Financial assets	-	-	-
Real Estate	-	-	-
Financial assets- amortized cost	4,729,148	122,970	4,852,118
Reinsurance asset	1,373,577	580,614	1,954,191
	6,102,725	703,584	6,806,309

**30 Trade payables**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Reinsurance payables (see note 30 (a))	1,153,554	673,277
Insurance payables (see note 30(b))	109,394	34,021
	1,262,948	707,298

**30 (a) Reinsurance payables**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Premium payable to reinsurers/coinsurers	1,153,554	408,970
Payable to Hollard Health*	-	264,307
	1,153,554	673,277

\*This relates to proportion of premium received on the sales of health insurance product that is due to/ payable to Hollard Cigna. The product operates a sharing scheme whereby premium and associated liabilities are shared between Hollard Cigna and NSIA based on agreement consented to by both parties.

**30 (b) Insurance payables**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Commission payable	102,865	32,512
Claims Payable	6,529	1,509
	109,394	34,021

**31 Other payables and accruals**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Accruals (see note 31(a) below)	223,833	275,015
Sundry payables (see note 31(b) below)	870,675	332,563
	1,094,508	607,578

**31 (a) Breakdown of accruals**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Audit fees	25,000	19,673
ITF levy	12,456	6,931
Actuarial fees	5,035	6,998
NAICOM levy	126,574	101,580
Productivity bonus	-	100,000
Other staff account payable	8,943	-
Vendors and suppliers	41,014	35,022
Investment custodian fee payable*	4,811	4,811
	223,833	275,015

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### Other payables and accruals - continued

\*This relates to amount payable with respect to provision of custodian services to NSIA as all treasury instruments(Treasury Bills,Bonds etc) issued by the Government is expected to be domiciled with a registered custodian that serves as depository for such instruments.The custodian services is for Domiciliation purpose only and in this case, our custodian for this purpose is UBA Custodian Ltd.

#### 31 (b) Breakdown of sundry payables

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Withholding taxes	54,357	23,739
PAYE	11,356	-
Pension	2,809	2,972
	4,458	4,458
Adjuster's fee Payable	-	-
Direct bank deposit*	698,229	243,972
VAT payable	99,466	57,426
	870,675	332,563
The carrying amounts disclosed above approximate the fair value at the reporting date.		
Due within 12 months	1,094,508	607,578
	1,094,508	607,578

\* This relates to deposit in our various bank accounts in which the depositors are yet to advise the nature/details of the transactions

The average age of this deposit is less than one financial year

#### 32 Deferred commission income

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Motor	586	277
Fire	63,841	46,456
Bond	1,846	236
General accident	11,152	7,175
Marine	64,713	42,442
Engineering	17,333	12,072
Oil & Energy	12,481	15,794
Travel	-	37
Agriculture	9,369	-
	181,321	124,489
Due within 12 months	181,321	124,489

Deferred commission income relates to the unearned portion of the commission from reinsurance transactions.

#### 32 (a) Movement in deferred commission income:

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
At beginning of year	124,489	110,028
Additions during the year	1,037,260	691,169
	1,161,749	801,197
Amortization during the year (note 6.2)	(980,428)	(676,708)
At end of year	181,321	124,489
Movement	56,832	14,461

#### 33 Deposit for shares

	31-Dec-2021	31-Dec-2020
	₦'000	restated* ₦'000
At beginning of year	-	98,081
Inflow during the year**	-	123,647
Dividend capitalised***	226,344	114,670
	226,344	336,398
Amount transferred to share capital (See note(35.1))	-	(336,398)
Prior year adjustment	-	-
At end of year	226,344	-

\*Certain amounts shown here do not correspond to the 2020 financial statements and reflect adjustments made, refer to Note 4.6.

\*\*See note 39(a) for more details

\*\*\*This relates to proportion of dividend paid that was due to NSIA Participation(the parent) which the parent have advised to be kept as part of deposit for shares.Cash payment were made to other shareholders.(See note 43.8)

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**34 Taxation**

**34.1 Tax expense**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Minimum tax	77,236	16,014
Technology tax	3,631	9,329
Police Protection Fund	37	45
	80,904	25,388
Deferred tax	372	790
Charge for the year	81,276	26,178

Charge for the year is analyzed below:

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Minimum tax	23,823	16,014
Income tax	57,081	9,374
	80,904	25,388

**34.2 Current tax liabilities**

The movement on tax payable account during the year is as follows:

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
At 1 January	100,111	96,776
Payment during the year	(72,532)	(22,053)
Charge for the year	80,904	25,388
At 31 December	108,483	100,111

Refer to note 5 for significant judgment and estimate related to the computation of current tax balances.

**34.3 Effective tax reconciliation**

The tax on the Company's profit before tax differs from the theoretical amount as follows:

	%	31-Dec-2021	%	31-Dec-2020
Profit before tax		363,194		942,186
Adjustment for NITDA levy		(3,631)		(9,329)
Profit after adjustment for NITDA levy		359,563		932,857
Tax calculated at the tax rate of 30%	30%	107,869	30%	279,857
Effect of:				
Impact of minimum tax	7%	23,823	3%	16,014
Education tax	0%	-	0%	-
Technology tax	1%	3,631	1%	9,329
Income not subject to tax	(155%)	(562,465)	(24%)	(262,857)
Non-deductible expenses	76%	274,517	47%	440,060
Impact of deferred tax	0%	372	47%	790
Impact of industry tax law	-(64%)	233,529	(41%)	(457,015)
Effective tax	22%	81,276	16%	26,178

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**35 Capital and reserves**

**35.1 Share capital**

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
<b>Issued and Paid-up:</b>		
	<b>Number of shares</b>	<b>Ordinary shares</b>
	₦'000	₦'000
At 31 December 2021 (50 Kobo each)	18,000,000	9,000,000
At 31 December 2020 (50 Kobo each)	18,000,000	9,000,000

The movement on issued and paid-up capital are as follows:

	31-Dec-2021	31-Dec-2020
	₦'000	restated* ₦'000
At 1 January	9,000,000	4,767,360
Increase/reclassification from share premium	-	2,092,703
Reclassification (to)/from retained earnings (note 35.5)	-	1,803,539
Transfer from deposit for shares (Note 33)	-	336,398
At 31 December	9,000,000	9,000,000

The movement on Issued and paid-up capital in terms of unit are as follows;

	31-Dec-2021	31-Dec-2020
	'000	'000
At 1 January	18,000,000	9,534,720
Increase	-	8,465,280
At 31 December	18,000,000	18,000,000

The total authorized number of ordinary shares and paid-up share as at year end was 18 billion and 18 billion respectively (2020: 18 billion/18.0 billion) with a par value of 50k per share (2020: 50k per share).

\*Certain amounts shown here do not correspond to the 2020 financial statements and reflect adjustments made, refer to Note 4.6.

**35.2 Statutory contingency reserve**

In accordance with the Insurance Act of Nigeria, a Contingency reserve is credited with the greater of 3% of total premiums or 20% of profits for general business and 1% of total premiums or 10% of profits for life business. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
This is composed of		
Non life business	2,044,900	1,813,949
Life business	315,146	255,095
	2,360,045	2,069,044
<b>Non life business</b>		
At the beginning of the year	1,813,949	1,630,792
Transfer from Retained earnings (see note 35.5)	230,950	183,157
At end of the year	2,044,900	1,813,949
<b>Life business</b>		
At the beginning of the year	255,095	211,488
Transfer from Retained earnings (see note 35.5)	60,050	43,607
At end of the year	315,146	255,095
<b>Total</b>	<b>2,360,045</b>	<b>2,069,045</b>

**2021**

**Gross premium written**

	Non-Life	Life (including Health)	Higher of Premium or Profit
Rate	3%	1%	
Result	230,950	60,050	291,000
<b>Profit before tax</b>	66,633	296,561	
Rate	20%	10%	
Result	13,327	29,656	-
Contingency reserve			291,000

## Notes to the financial statements

For the year ended 31 December 2021- Continued

2020	Non-Life	Life (including Health)	Higher of Premium or Profit
<b>Gross premium written</b>	6,105,248	4,360,723	
Rate	3%	1%	
Result	183,157	43,607	226,765
<b>Profit before tax</b>	752,431	189,755	
Rate	20%	10%	
Result	150,486	18,976	-
Contingency reserve			226,765

### 35.3 Asset revaluation reserve

This is revaluation gains in respect of land and building in line with the Company's accounting policies.

	31-Dec-2021	31-Dec-2020
	N'000	N'000
At the beginning of the year	1,758,174	1,720,352
Revaluation gains, gross	46,559	42,026
Deferred tax relating to asset revaluation (see note 24)	(4,656)	(4,204)
Revaluation gains, net of tax	41,903	37,822
At end of the year	1,800,077	1,758,174
Asset revaluation reserves is analyzed as follows:		
	31-Dec-2021	31-Dec-2020
	N'000	N'000
Gross amount	2,268,907	2,268,907
Related deferred tax liability	(468,830)	(510,733)
Net amount	1,800,077	1,758,174

### 35.4 Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of fair value through other comprehensive income investments until the investment is derecognised or impaired. See statement of changes in equity for movement in fair value reserve.

	31-Dec-2021	31-Dec-2020
	N'000	N'000
At the beginning of the year	8,705	94,850
<b>Additions during the year:</b>		
- ECL impairment during the year (Note 14)	(1,900)	(30,492)
-Net fair value gain or loss on financial assets at FVOCI (Note 18b)	62,535	(79,450)
-Net fair value gain on matured financial instruments at FVOCI (Note 18b)	4,578	23,797
At end of the year	73,918	8,705
Net movement during the year	65,213	(86,145)

### 35.5 Retained earnings

The retained earnings consist only of distributable profits, undistributed from previous years. It represents the amount available for dividend distribution to the equity shareholders of the Company. See statement of changes in equity for movement in retained earnings.

	31-Dec-2021	31-Dec-2020
		restated*
	N'000	N'000
At the beginning of the year	676,342	1,923,151
Amount transferred to share capital (see note 35)	-	(1,803,539)
Dividends declared to ordinary equity shareholders during the year (see note (b) below)	(261,000)	(132,513)
Transfer from profit and loss	281,918	916,008
Transfer to contingency reserve	(291,000)	(226,765)
At end of the year	406,260	676,342
Prior year adjustment*	31-Dec-2020	Adjustment
	*Previously stated	31-Dec-2020
		restated*
Retained earnings	556,730	119,612
Deposit for shares	119,612	(119,612)
		-

\*Certain amounts shown here do not correspond to the 2020 financial statements and reflect adjustments made. This represents the reversal of excess amount erroneously transferred/capitalized to paid up capital in year 2020 from retained earnings which is compensated for through deposit for share in same year. The adjustment is necessary to correct the mistatement in prior year.

### 36 Dividend

During the year, a total dividend of ₦261,000,000 (1.45k per share) was paid in 2021 out of the retained earnings as final dividend for 2020 financial year (2020: total dividend of ₦132,513,442 (1.45k per share) was paid as final dividend for 2019 financial year).



## Notes to the financial statements

For the year ended 31 December 2021- Continued

### 37 Contingencies and commitments

#### (a) Legal proceedings and regulations

The Company is presently involved in four (2020: five) litigations with estimated claims of ₦950.707 million (2020: ₦1,026.742 million). In the Directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any material effect on the financial position of the Company.

#### (b) Capital commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the Company's state of financial affairs have been taken into account in the preparation of these financial statements. The Company had no capital commitment as at 31 December 2021 (31 December 2020: Nil).

#### (c) Contingent liability

There were no contingencies arising from the business transaction during the year.

### 38 Contravention of laws and regulations

The Company did not contravene any law and regulation during the year.

### 39 (a) Related party disclosures

#### Transactions with Parent company

NSIA Participations Holding SA (incorporated in Cote D'Ivoire) is the parent Company. NSIA does not have any related party transactions for the year ended 31 December 2021 (31 December 2020: Nil) other than dividend due (N226,344,000) to the parent that is retained as deposit for shares (2020: £266,972 (₦123,646,872)) received from NSIA Participations Holdings SA in 2020 as part of share capitalisation process as mandated by the National Insurance Commission (NAICOM).

### 39 (b) Compensation of key management personnel

Key management personnel of the company includes all directors (executive and non-executive) members of the management committee.

The summary of compensation of key management personnel for the year is as follows:

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Salaries	177,683	177,683
Fees (see note (b)(i) below)	40,249	40,249
Other short-term employment benefits	14,341	14,341
	232,273	232,273
<b>Loans and advances to Directors</b>		
Balance at 1 January	282,180	318,203
Granted during the year	-	-
Repayments	(36,023)	(36,023)
<b>At 31 December</b>	<b>246,157</b>	<b>282,180</b>
Interest earned	11,703	11,703

Loans to key management personnel include mortgage loans which are given under terms that are not more favourable than those given to other staff. Mortgage loans are secured by the underlying assets. The loan is performing as they are being repaid according to the terms of the contract.

No impairment allowance has been recognised in respect of loans given to key management personnel (2020: Nil).

### 40 Employees and directors

#### (a) Employees

The average number of persons employed by the Company during the year was as follows:

	31-Dec-2021	31-Dec-2020
	Number	Number
Executive directors	3	3
Management	10	8
Non-management	118	110
	131	121

The number of employees of the Company, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

	31-Dec-2021	31-Dec-2020
	Number	Number
Less than N2,000,000	2	1
N2,000,001 - N3,500,000	21	26
N3,500,000 - N5,000,000	40	37
N5,000,000 - N7,500,000	38	32
N7,500,000 - and Above	30	25
	131	121

## Notes to the financial statements

For the year ended 31 December 2021- Continued

### (b) Directors

Remuneration paid to the Company's directors (excluding pension contribution) was:

	31-Dec-2021	31-Dec-2020
	N'000	N'000
Fees and sitting allowances	46,345	26,343
Executive compensation	93,284	53,021
	139,629	79,364
The chairman	10,645	6,455
The highest paid director	50,273	41,894

in Number

	31-Dec-2021	31-Dec-2020
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The number of directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses) in the following ranges was:

	31-Dec-2021	31-Dec-2020
	Number	Number
Above 3,400,000	13	13

### 41 Events after the reporting period

There are no events after the reporting date that require adjustments/disclosure in the financial statements.

### 42 Reconciliation of Statement of Cash flows

	Notes	31-Dec-2021	31-Dec-2020
		N'000	N'000
<b>42.1 Insurance premium received</b>			
Opening insurance receivable	19 (a)	118,488	13,809
Gross premium written	6	13,703,336	10,465,971
Closing insurance receivable	19 (a)	(110,343)	(118,488)
		13,711,481	10,361,292
<b>42.2 Reinsurance premium paid</b>			
Opening reinsurance payable	30 (a)	(673,277)	(548,896)
Reinsurance expense	6.1	(6,490,261)	(4,165,596)
Prepaid minimum and deposit reinsurance during the year	20 (b)	53,657	41,006
Closing reinsurance payable	30 (a)	1,153,554	673,277
		(5,956,327)	(4,000,209)
<b>42.3 Reinsurance commission received</b>			
Fee income arising on insurance contracts	6.2	980,428	676,708
Movement in deferred commission income	32(a)	56,832	14,461
		1,037,260	691,169
<b>42.4 Insurance benefits and claims paid</b>			
Short term insurance business	8	5,963,568	3,124,438
Long term insurance business	8	169,736	215,716
		6,133,304	3,340,154
<b>42.5 Net inflow from deposit admin</b>			
Deposits received	28	200,352	178,573
Withdrawal	28	(183,425)	(93,902)
		16,927	84,671
<b>42.6 Reinsurance claims received</b>			
Short term insurance business	9	2,617,517	1,158,152
Individual life insurance business	9	(8,448)	50,135
		2,609,069	1,208,287
<b>42.7 Commission paid</b>			
Opening insurance payable	30 (b)	(32,512)	(117,583)
Additional acquisition expense during the year	22(a)	(1,933,365)	(1,660,979)
Closing insurance payable	30 (b)	102,865	32,512
		(1,863,012)	(1,746,050)
<b>42.8 Maintenance expense paid</b>			
Maintenance expense	11	(472,904)	(332,683)
<b>42.9 Cash paid to employees, intermediaries and other suppliers</b>			
Personnel Expenses	15(a)	(1,361,333)	(1,274,468)
Other operating expenses	15(b)	(1,377,749)	(1,221,965)
Less non-cash items:			
Depreciation	15(b)	216,956	224,082
Amortization	15(b)	4,410	4,410
Loss on disposal of investment property	13(b)	128	188,732
Movement in prepaid expenses		(97,116)	21,437
Movement in payables		91,131	(174,973)
Net cash flow from other debtors:			
- Additions	21	(1,295)	(38,827)
- Dividend income	12 (a)	10,014	1,079
		(2,514,854)	(2,270,493)

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

		<b>31-Dec-2021</b>	<b>31-Dec-2020</b>
		₦'000	₦'000
<b>42.9(a) Other income received</b>			
Management fees	13(a)	-	165
Reimbursement of excess stamp duty paid to IFRS	13(a)	-	17,445
Bad debt recovery	13(a)	26,564	3,901
Other sundry income	13(a)	4,423	441
		<u>30,987</u>	<u>21,952</u>
<b>43.0 Interest income received</b>			
Net Investment income	12	1,180,394	1,431,493
Interest Income on deposit administration	7	20,693	13,176
Dividend income on equity securities	12 (a)	(10,014)	(1,079)
(Gain)/loss on financial assets disposal	12 (a)	-	(293,361)
Financial assets - Interest income	12 (a)	(1,039,836)	(973,454)
		<u>151,237</u>	<u>176,775</u>
<b>43.1 Dividend received</b>			
Dividend receivable - at beginning of year	21 (b)	3,732	3,732
Dividend income on equity securities	12 (a)	10,014	1,079
Dividend receivable - at end of year	21 (b)	(3,732)	(3,732)
		<u>10,014</u>	<u>1,079</u>
<b>43.2 Proceeds from disposal of property and equipment</b>			
Cost of property and equipment	26	69,929	-
Accumulated depreciation of property and equipment	26	(65,952)	-
Profit on sale of property and equipment	13(a)	29,754	-
		<u>33,731</u>	<u>-</u>
<b>43.3 Proceeds from disposal of investment property</b>			
Cost of investment property	23	6,274	1,404,731
Loss on sale of property and equipment	13(b)	(128)	(188,732)
		<u>6,146</u>	<u>1,215,999</u>
Less receivable from disposal of investment property (Note 21 (b)(iii))		-	-
		<u>6,146</u>	<u>1,215,999</u>
<b>43.4 Movement in financial assets</b>			
<b>43.4(a) Addition to financial asset</b>		<b>31-Dec-2021</b>	<b>31-Dec-2020</b>
Purchase of Treasury bills	18 (c)	-	(371,000)
Purchase of Federal Government Bonds	18 (c)	(2,094,105)	(12,493,949)
Staff and policy loan disbursed and long term placement purchased during the year	18 (c)	(131,456)	(33,420)
		<u>(2,225,561)</u>	<u>(12,898,369)</u>
<b>43.4(b) Proceed from disposal/redemption of financial assets</b>			
Value of treasury bills disposed/matured	18 (c)	428,691	6,243,319
Bond/Loan repayment/redemption	18 (c)	1,399,248	5,089,256
Gain on financial assets disposal	12 (a)	-	293,361
		<u>1,827,940</u>	<u>11,625,936</u>
<b>43.5 Net cash flow received from coinsurer on recovery of claims paid</b>			
Changes in recovery of claims paid from coinsurer on Non-life businesses	19(b)	(105,593)	66,141
Changes in recovery of claims paid from coinsurer on life business	19(c)	7,854	(29,117)
Net cash flow received		<u>(97,739)</u>	<u>37,024</u>
<b>43.6 Premium received in advance</b>			
Premium received in advance	30 (b)	-	-
<b>43.7 Effect of exchange rate fluctuations</b>			
Cash and cash equivalents	13(a)(ii)	95,876	47,467
Net Unrealized foreign exchange loss(gain)**	15	-	-
		<u>95,876</u>	<u>47,467</u>
<b>43.8 Dividend paid</b>			
Total Dividend Declared		261,000	132,513
NSIA proportion (2021-96.36%) (2020-96.36%)		251,495	127,411
Less Withholding tax		(25,150)	(12,741)
NSIA share of dividend net of withholding tax		<u>226,344</u>	<u>114,670</u>
Minority proportion (2021-3.64%) (2020-3.64%)		9,505	5,102
Withholding tax paid on NSIA's share of dividend		25,150	12,741
Dividend paid		<u>34,656</u>	<u>17,843</u>

## Notes to the financial statements - Continued

For the year ended 31 December 2021- Continued

### 44 Segment Information

Following the management approach of IFRS 8, the Company is organised into two operating segments. These segments distribute their products through various forms of brokers, agencies, and direct marketing programs. Management identifies its reportable segments by product line. These segments and their respective operations are as follows:

#### Non life business

The protection of customers' assets (particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers' accidents. All contracts in this segment are over a short contractual term. Revenue in this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets, and net fair value gains on financial assets at fair value through profit or loss.

#### Life business

Protection of customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets and net fair value gains on financial assets at fair value through profit or loss.

The segment information provided by Management for the operations of the reporting segments for the period ended 31 December 2021.

	31-Dec-2021				31-Dec-2020			
	Non life	Life	Health	Total	Non life	Life	Health	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Gross premium written</b>	7,698,304	3,575,663	2,429,369	13,703,336	6,105,248	3,028,973	1,331,750	10,465,971
Gross premium income	7,226,064	3,331,919	2,116,869	12,674,852	6,057,817	2,795,812	1,302,797	10,156,426
Insurance premium ceded to reinsurers	(3,630,976)	(707,691)	(1,493,923)	(5,832,590)	(2,752,064)	(413,494)	(928,827)	(4,094,384)
Net insurance premium revenue	3,595,088	2,624,228	622,946	6,842,262	3,305,753	2,382,318	373,971	6,062,042
Fee Income	761,503	185,653	33,272	980,428	559,705	98,768	18,235	676,708
Profit on deposit administration	-	3,539	-	3,539	-	6,781	-	6,781
Interest revenue	75,276	29,785	12,765	117,826	847,172	296,825	-	1,143,997
Other investment income	767,011	207,987	87,698	1,062,696	269,951	8,666	-	278,617
Gain/(loss) on disposal of invest. property	-	(128)	-	(128)	(188,732)	-	-	(188,732)
Other operating income	234,883	14,647	-	249,530	413,791	(9,951)	-	403,840
Total Income	5,433,761	3,065,711	756,681	9,256,153	5,207,640	2,783,407	392,206	8,383,253
Insurance benefits and claims	3,493,575	1,718,427	1,265,570	6,477,572	1,755,796	1,570,049	737,228	4,063,073
Insurance claims recovered from reinsurers	(1,531,908)	(169,694)	(1,005,663)	(2,707,265)	(467,039)	(73,500)	(581,458)	(1,121,997)
Net insurance benefits and claims	1,961,667	1,548,733	259,907	3,770,307	1,288,757	1,496,549	155,770	2,941,076
Maintenance expenses	1,430,990	572,526	379,301	2,382,817	1,340,910	424,820	210,850	1,976,580
Impairment losses/(gain)	1,992	1,992	-	3,984	11,535	8,427	-	19,962
Depreciation and amortisation	218,551	2,809	-	221,360	224,082	3,657	-	227,739
Other expenses	1,753,927	532,395	228,168	2,514,490	1,586,925	679,670	-	2,266,595
Net expenses	5,367,128	2,658,455	867,376	8,892,959	4,452,210	2,613,123	366,620	7,431,953
Reportable segment profit	66,633	407,256	(110,695)	363,194	752,431	164,165	25,590	942,186
Profit before tax	66,633	407,256	(110,695)	363,194	752,431	164,165	25,590	942,186
Income tax expenses	(56,218)	(25,058)	-	(81,276)	(22,264)	(3,914)	-	(26,178)
Profit after tax	10,415	382,198	(110,695)	281,918	730,167	160,251	25,590	916,008
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# Notes to the financial statements - Continued

For the year ended 31 December 2021- Continued

No single external customer contributed 10 per cent or more of the entity's revenues as at year end.

Joint expenses between nonlife and life are allocated on 70:30 basis respectively.

The segment information provided by Management for the financial position of the reporting segments for the year ended 31 December 2021

	31-Dec-2021			31-Dec-2020 *restated		
Asset	Non life N'000	Life N'000	Total N'000	Non life N'000	Life N'000	Total N'000
Cash and cash equivalents	(2,762,164)	5,423,298	2,661,134	(625,836)	2,699,313	2,073,477
Financial assets	10,287,927	3,808,431	14,096,358	8,209,685	4,284,360	12,494,045
Trade receivables	200,529	87,452	287,981	154,186	76,273	230,459
Reinsurance assets	2,118,577	1,098,079	3,216,656	1,373,577	580,614	1,954,191
Other receivables	160,504	22,731	183,235	259,802	21,844	281,646
Deferred acquisition costs	328,447	-	328,447	304,995	-	304,995
Investment properties	-	246,300	246,300	-	249,215	249,215
Intangible assets	8,820	-	8,820	13,230	-	13,230
Property and equipment	3,572,895	784	3,573,679	3,614,438	3,592	3,618,030
Statutory deposits	500,400	400,000	900,400	500,400	400,000	900,400
<b>Total assets</b>	<b>14,415,935</b>	<b>11,087,075</b>	<b>25,503,010</b>	<b>13,804,477</b>	<b>8,315,211</b>	<b>22,119,688</b>
<b>Liabilities</b>						
Investment contract liabilities	-	226,696	226,696	-	192,615	192,615
Insurance contract liabilities	4,625,074	3,544,245	8,169,319	3,778,395	2,508,873	6,287,268
Trade payables	81,188	1,181,760	1,262,948	116,599	590,699	707,298
Other payables	(319,834)	1,414,342	1,094,508	47,057	560,521	607,578
Deferred commission income	181,321	-	181,321	124,489	-	124,489
Deposit for shares	226,344	-	226,344	-	-	-
Deferred tax liabilities	591,210	1,881	593,091	586,554	1,509	588,063
Current income tax	67,442	41,041	108,483	45,151	54,960	100,111
<b>Total Liabilities</b>	<b>5,452,745</b>	<b>6,409,965</b>	<b>11,862,710</b>	<b>4,698,245</b>	<b>3,909,177</b>	<b>8,607,421</b>
<b>Equity</b>						
Share capital	5,000,000	4,000,000	9,000,000	5,000,000	4,000,000	9,000,000
Share premium	-	-	-	-	-	-
Statutory contingency reserve	2,044,901	315,144	2,360,045	1,813,950	255,095	2,069,045
Asset revaluation reserve	1,800,077	-	1,800,077	1,758,174	-	1,758,174
Fair value reserve	62,895	11,023	73,918	1,518	7,187	8,705
Retained earnings	55,317	350,943	406,260	534,103	142,239	676,342
<b>Total equity</b>	<b>8,963,190</b>	<b>4,677,110</b>	<b>13,640,300</b>	<b>9,107,745</b>	<b>4,404,521</b>	<b>13,512,266</b>

**Notes to the financial statements**

For the year ended 31 December 2021- Continued

**45 Revenue accounts for the year ended 31 December 2021**

**(i) Non-life business**

	Motor	Fire	Bond	General Accident	Marine	Engineering	Oil & Energy	Agricultural	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Income:</b>									
Gross premium written	1,291,822	1,069,338	167,587	1,152,119	1,145,012	521,399	2,100,914	250,113	7,698,304
Changes in provision for unearned premium	(74,708)	(21,167)	(89,720)	(55,079)	(13,261)	19,586	(179,479)	(58,412)	(472,240)
Gross premium earned	1,217,114	1,048,171	77,867	1,097,040	1,131,751	540,985	1,921,435	191,701	7,226,064
Reinsurance outwards									
- Reinsurance_Facultative	(1,505)	(65,535)	(128,449)	(114,825)	(149,226)	(364,662)	(1,241,474)	(7,213)	(2,072,889)
- Reinsurance_Treaty	(113,433)	(687,051)	(3,327)	(76,249)	(621,464)	(139,453)	-	(19,083)	(1,660,060)
- Coinsurance	(8,966)	(9,555)	-	(129,493)	(26,622)	(558)	(506)	(59,184)	(234,884)
Increase / (decrease) in prepaid reinsurance cost.	1,877	53,219	77,409	25,550	70,818	46,627	20,436	40,921	336,857
Net earned premiums	1,095,087	339,249	23,500	802,023	405,257	82,939	699,891	147,142	3,595,088
Commission income:	1,822	236,990	2,802	56,225	236,682	121,416	106,021	(455)	761,503
Total	1,096,909	576,239	26,302	858,248	641,939	204,355	805,912	146,687	4,356,591
<b>Expenses:</b>									
Gross claims expense	534,180	1,586,857	-	443,039	305,498	646,138	(22,137)	-	3,493,575
Reinsurance claims recoveries:									
- Reinsurance	(68,509)	(733,930)	-	(782,010)	(213,224)	(102,636)	371,303	(17,730)	(1,546,736)
- Coinsurance	(19,058)	7,650	-	(40,080)	(41,781)	-	-	-	(93,269)
IBNR									
- Movement in IBNR	(31,249)	154,566	5,450	34,362	2,552	98,081	813	-	264,575
- Movement in reinsurance share of IBNR	2,188	(88,029)	(2,180)	(17,730)	2,869	(53,065)	(531)	-	(156,478)
Net Claims incurred	417,552	927,114	3,270	(362,419)	55,914	588,518	349,448	(17,730)	1,961,667
Commission expense	127,246	178,028	6,634	186,424	190,075	87,861	482,555	19,956	1,278,779
Increase in Deferred Acquisition cost	585	(573)	(2,314)	(14,031)	8,370	9,414	(21,330)	(3,572)	(23,451)
Maintenance expenses	15,497	10,933	1,629	11,198	108,488	5,068	20,419	2,431	175,662
Underwriting expenses	143,328	188,388	5,949	183,591	306,933	102,343	481,644	18,815	1,430,990
Net underwriting results transferred to profit and loss account	536,029	(539,262)	17,083	1,037,076	279,092	(486,506)	(25,180)	145,602	963,934

(ii) **Life business**

**Income:**

Gross premium written
Changes in provision for unearned premium - Group life
Gross premium earned
Reinsurance outwards
Increase in prepaid reinsurance cost
Net written/earned premiums
Commission income
Admin fee income
Total
Expenses:
Claims expense
Reinsurance Claims recoveries
Surrenders
Maturity
IBNR
- Movement in IBNR / Contract liabilities
- Movement in reinsurance share of IBNR
Claims incurred
Acquisition expenses
Maintenance expenses
Underwriting expenses
Net underwriting results
Accretion/increase in life fund
Net underwriting results transferred to profit and loss account

Individual Life	Group Life	Health	Total
N'000	N'000	N'000	N'000
296,554	3,279,109	2,429,369	6,005,032
-	(243,744)	(312,498)	(556,242)
296,554	3,035,365	2,116,871	5,448,790
(37,129)	(770,189)	(1,715,110)	(2,522,428)
-	99,627	221,189	320,816
259,425	2,364,803	622,950	3,247,178
7,531	176,688	33,272	217,491
-	1,434	-	1,434
266,956	2,542,925	656,222	3,466,103
(16,984)	1,472,967	1,265,570	2,721,553
5,882	(327,167)	(1,013,148)	(1,334,433)
32,416	-	-	32,416
121,397	-	-	121,397
-	-	-	-
-	65,427	25,489	90,916
(3,641)	(64,008)	(18,004)	(85,653)
139,070	1,147,219	259,907	1,546,196
22,707	372,828	259,050	654,585
14,679	162,312	120,251	297,242
37,386	535,140	379,301	951,827
90,500	860,566	17,014	968,080
(262,444)	-	-	(262,444)
(171,944)	860,566	17,014	705,636

## **OTHER NATIONAL DISCLOSURES**



**Other National Disclosures:  
Value Added Statement**

	<b>31-Dec-2021</b>		<b>31-Dec-2020</b>	
	<b>N'000</b>	<b>%</b>	<b>N'000</b>	<b>%</b>
Gross premium	13,703,336	704	10,465,971	406
Net benefits and claims	(3,770,307)	(194)	(2,941,076)	(114)
Premiums ceded to reinsurers	(5,832,590)	(300)	(4,094,384)	(159)
Fees and commission income	980,428	50	676,708	26
Investment Income	1,429,924	73	1,811,535	70
Administrative overheads - local	(4,564,895)	(235)	(3,341,153)	(130)
Value added	<u>1,945,896</u>	<u>100</u>	<u>2,577,601</u>	<u>100</u>
<b>Distribution of value added</b>				
<b>To government:</b>				
Taxes	81,276	4	26,178	1
<b>To employees:</b>				
Salaries and benefits	1,361,333	70	1,274,468	49
<b>To Shareholders:</b>				
Dividend	261	0	132,452	5
<b>The future:</b>				
For replacement of property and equipment (depreciation)	216,956	11	224,082	9
Asset replacement				
Amortisation of intangible assets	4,410	-	4,410	0.2
Transfer to contingency reserve	291,000	15	226,765	9
Retained profit for the year	(9,343)	(0)	689,243	35
	<u>1,945,896</u>	<u>100</u>	<u>2,577,601</u>	<u>100</u>

Value added statement represents the wealth created by the efforts of the Company and its employees' efforts based on ordinary activities and the allocation of that wealth being created between employees, shareholders, government and that retained for the future creation of more wealth.

**Other National Disclosures:**  
**Five-Year Financial summary**

	31-Dec-2021	31-Dec-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017
	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	2,661,134	2,073,477	1,312,235	1,290,535	1,497,452
Financial assets	14,096,358	12,494,045	9,642,047	7,851,813	6,113,024
Trade receivables	287,981	230,459	162,804	355,666	365,715
Reinsurance assets	3,216,656	1,954,191	1,848,077	2,140,210	1,370,190
Other receivables	183,235	281,646	299,035	310,344	387,483
Deferred acquisition costs	328,447	304,996	287,912	182,691	138,151
Investment properties	246,300	249,215	1,646,040	1,554,476	1,498,518
Intangible assets	8,820	13,230	17,640	24,741	27,286
Property and equipment	3,573,679	3,618,029	3,720,880	3,715,190	3,679,832
Statutory deposits	900,400	900,400	500,000	500,000	500,000
<b>TOTAL ASSETS</b>	<b>25,503,010</b>	<b>22,119,688</b>	<b>19,436,670</b>	<b>17,925,666</b>	<b>15,577,651</b>
<b>LIABILITIES</b>					
Investment contract liabilities	226,696	192,615	101,549	105,380	92,551
Insurance contract liabilities	8,169,319	6,287,269	5,053,183	4,248,672	2,890,364
Trade payables	1,262,948	707,298	457,919	1,402,032	650,940
Other payables	1,094,508	607,578	495,370	495,816	241,789
Deferred commission income	181,321	124,489	110,028	96,858	120,121
Provisions	-	-	-	-	44,000
Current tax liabilities	108,483	100,111	96,776	116,592	310,943
Deferred tax liabilities	593,091	588,063	583,069	558,710	518,974
Deposit for Shares	226,344	-	98,080	-	-
<b>TOTAL LIABILITIES</b>	<b>11,862,710</b>	<b>8,607,423</b>	<b>6,995,974</b>	<b>7,024,061</b>	<b>4,869,683</b>
<b>NET ASSETS</b>	<b>13,640,300</b>	<b>13,512,265</b>	<b>12,440,696</b>	<b>10,901,605</b>	<b>10,707,968</b>
<b>CAPITAL AND RESERVES</b>					
Share capital	9,000,000	9,000,000	4,767,360	4,567,360	4,567,360
Share premium	-	-	2,092,703	1,692,703	1,692,703
Statutory contingency reserve	2,360,045	2,069,044	1,842,280	1,599,617	1,418,576
Asset revaluation reserve	1,800,077	1,758,174	1,720,352	1,681,214	1,616,256
Fair value reserve	73,918	8,705	94,850	(155,683)	109,613
Retained earnings	406,260	676,342	1,923,151	1,516,395	1,303,460
<b>SHAREHOLDER'S FUNDS</b>	<b>13,640,300</b>	<b>13,512,265</b>	<b>12,440,696</b>	<b>10,901,605</b>	<b>10,707,968</b>
	<b>31-Dec-2021</b>	<b>30 Dec 2020</b>	<b>31-Dec-2019</b>	<b>31-Dec-2018</b>	<b>31-Dec-2017</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Gross Premium	13,703,336	10,465,971	9,192,293	6,914,006	5,465,713
Earned Premium	6,842,262	6,062,040	5,063,071	3,165,304	2,384,364
Net benefit and claims	(3,770,307)	(2,941,076)	(2,467,753)	(989,189)	(769,404)
<b>Profit before tax</b>	<b>363,194</b>	<b>942,186</b>	<b>849,037</b>	<b>892,299</b>	<b>640,752</b>
Tax	(81,276)	(26,178)	(67,165)	(221,842)	(238,393)
<b>Profit after tax</b>	<b>281,918</b>	<b>916,008</b>	<b>781,872</b>	<b>670,457</b>	<b>402,359</b>
Contingency reserve	2,360,045	2,069,045	1,842,280	1,599,618	1,418,576
Earnings per share (in kobo)	2	8	7	4	3